Province of
British Columbia

1985 report of the AUDITOR GENERAL

including
comments
related to the
financial statements
of the Government
for the year
ended 31 March 1984

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Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

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The Honourable Hugh A. Curtis
Minister of Finance
Province of British Columbia

Sir:

I have the honour to transmit herewith my 1985 Report to the Legislative Assembly for submission to the Assembly in accordance with the provisions of Section 10(1) of the Auditor General Act, R.S.B.C. 1979, chapter 24.

Erma Morrison

Erma Morrison, F.C.A.
Auditor General

Victoria, British Columbia
11 April 1985

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Foreword

The *Auditor General Act* contains two specific annual reporting requirements. They are:

- to report on the financial statements of the Government for each fiscal year; and
- to report on the work of the Office of the Auditor General calling attention to particular matters resulting from that work.

The first requirement was fulfilled when I issued my formal auditor's reports dated 31 August 1984 on the financial statements of the Government for the fiscal year ended 31 March 1984. Those reports were included with those statements in the Public Accounts.

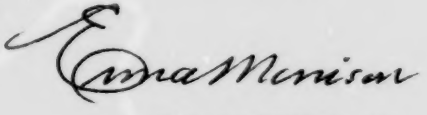
The second requirement is fulfilled by the presentation to the Legislative Assembly of this Annual Report on the work of my Office. The Report includes comments and observations arising not only from the audit of the Government's accounts and financial statements for the 1984 fiscal year, but also from other work finalized up to the date of this Report. Since it includes the results of audit work performed well into 1985, this Report is identified as the *1985 Report of the Auditor General*. This explanation and recaptioning of the report cover is made to correct misconceptions — and criticism — to which all legislative auditor's reports are subject as to the currency of the material presented.

The direction and emphasis of this Report is to present a summary of the work performed by my Office during the past year, with general background and assessment, rather than to deal with detailed findings already presented in management letters to ministries and public bodies, except where particular reference seems to be required. Many of the specific recommendations and suggestions for correction provided to management through discussion, correspondence and internal reports receive early attention. Other matters involving a broader scope of action over a longer period of time become part of an evolutionary process, delayed at times by constraints on resources needed to implement them.

In addition to observations arising from the attest and compliance audit work performed in the ministries and central agencies of the Government and in public bodies, two comprehensive audit projects are included in this Report, one dealing with the Ministry of Agriculture and Food, the other being a cross-government review of ministry annual reports.

In this Report the reader will find references to limitations on the activities of the Office caused by the freezing of our staff complement at the level of approximately three years ago while the regular work load continues to increase. There are, as well, many areas where additional audit activity would be highly desirable and potentially beneficial.

The Legislative Assembly should be aware of my concern that two forces are at work to the possible detriment of the people of the Province. The setting of restraint in Government operations has created pressures which increase the likelihood of errors, deteriorating performance, and even improprieties. Accordingly, the need for vigorous and imaginative auditing is increased. At the same time, the full application of those restraints to my Office threatens to weaken the effectiveness of its coverage (at a time when it is most sorely needed) despite the loyalty of my staff and their determination to do the best possible job.



Victoria, British Columbia
29 March 1985

ERMA MORRISON, F.C.A.
Auditor General

INTRODUCTION

Introduction

Role of the Auditor General

1.1 Under our parliamentary system the Government is accountable to the Legislative Assembly, and ultimately to the people of the Province, for the administration of the affairs of the Province. Within this framework the Auditor General is appointed as an officer of the Legislative Assembly to examine independently certain aspects of this administration, and to report annually to the Assembly on the results of this examination.

1.2 The legislative auditor's work contributes to the process of government in three basic ways. First, it adds credibility to the government's financial statements, thus enhancing their value to all users of this information. Second, it provides important information to the Legislature, and hence the public, about the government's administration of its financial and certain other affairs. Finally, the auditor's work helps management by identifying opportunities for improvements in its administration.

1.3 In addition, the mere existence of an auditor and the knowledge that an audit will occur has a salutary effect on all members of the administration and the legislative process.

1.4 My principal responsibilities concerning the accounts of the Government are set out in the *Auditor General Act*.

1.5 I am first required to examine the accounts and records of the Government in the manner I consider necessary. This examination serves two main purposes. It enables me to obtain sufficient appropriate audit evidence to support my opinion on the financial statements of the Government. It also allows me to gather and assess certain other information about Government financial and administrative matters which I consider to be of interest and value to the Legislative Assembly.

1.6 I am then required to report annually to the Legislative Assembly. Two forms of report are specified. The first is a report on the financial statements of the Government, giving my professional opinion as to the fairness and consistency of the financial information presented therein in accordance with the Government's stated accounting policies. The requirement for this report, together with the related examination of the accounts and records, is frequently referred to as the attest audit responsibility.

1.7 The other is a report on the work of my Office, which is intended to call attention to anything resulting from my examination which I consider warrants the attention of the Assembly. This report includes comments on those matters arising from my regular attest audit work, as well as those additional matters that are emphasized in

legislative auditing: auditing for compliance with legislative and related authorities, and assessment of economy and efficiency in the administration of government.

1.8 The Act also provides that I may make a special report to the Assembly on a matter of primary importance or urgency that should not be deferred until I make my Annual Report.

1.9 In addition to my audit responsibilities with respect to the accounts of the Government, I am also the appointed auditor of 31 Crown corporations and other public bodies.

ATTEST AUDIT RESPONSIBILITY

1.10 The attest audit of the Government's financial statements relates directly to the overall process of Government accountability.

1.11 It is a responsibility of Government to demonstrate its accountability in various ways. With respect to its stewardship of the Province's financial affairs, the principal way is through its annual financial statements. These statements are the representations of the Government as to its overall financial condition, and the results of its operations for the fiscal period. They are included in the Public Accounts which are tabled annually in the Legislative Assembly.

1.12 The Government's annual financial statements are expected to serve the interests of a wide variety of users: the public, legislators, investors and analysts. These users may reasonably expect the statements to present financial information clearly, understandably, and in a timely and consistent manner. But above all, the statements must be credible to those who rely on them as a source of information. Users need assurance, based on an independent objective examination, that the information contained in the Government's financial statements is reliable.

1.13 It is this assurance that I endeavour to provide in conducting the attest audit, and which is the essence of the "Report of the Auditor General" on the financial statements of the Province. This report is included with the financial statements published in the Public Accounts.

LEGISLATIVE AUDIT RESPONSIBILITY

1.14 In addition to the requirement that I examine and report on the financial statements of the Government, the *Auditor General Act* also sets out various topics which are of interest to the Legislative Assembly, and which should be reported on if I consider them to warrant the attention of the Assembly.

1.15 A number of these topics, such as the maintenance of proper records and internal controls, are natural by-products of a financial attest audit.

1.16 Setting the legislative audit apart from the attest audit are additional provisions relating to auditing for compliance with legislative and related authorities, and auditing to assess whether programs are being administered with due regard for economy and efficiency.

1.17 The *Auditor General Act* does not require me to examine and report on these particular subjects; it only provides that I may report on them if I have observed during my examination anything concerning these subjects which I consider should be brought to the Assembly's attention.

1.18 In practice, I have emphasized these topics because of their importance to the overall accountability process of government.

1.19 The Legislative Assembly, through various Acts, establishes the rules governing the collection of government revenues and the spending of public funds. Supplementing these rules are the regulations and procedures directing the day-to-day administration of government activity. The observance of these rules by the administration is fundamental to the concept of representative government. Accordingly, we have incorporated into our audit process appropriate procedures to determine whether transactions that have come to our notice in the course of our examination were in accordance with relevant authorities. Instances of non-compliance with authorities observed in the course of our work, if considered of sufficient importance, are detailed in my Annual Report to the Legislative Assembly.

1.20 The assessment of economy and efficiency in programs, often referred to as the value-for-money audit, also warrants particular attention. To know how much money has been spent and on what it was spent does not necessarily answer the questions of whether it was spent for the purposes intended and whether value has been received. Public concern for greater accountability and value-for-money requires more than traditional attest and financial authority auditing. In order to fulfill this segment of my mandate we have adopted a broad-based audit approach aimed at systematically reviewing and reporting on accountability relationships and on the supporting activities, systems and controls employed by management in fulfilling its responsibilities. This approach is usually referred to as comprehensive auditing.

PUBLIC BODY AUDIT RESPONSIBILITY

1.21 An additional responsibility of the Auditor General, that of auditor of 31 public bodies, involves examinations conducted with the primary objective of expressing opinions on the financial statements of the various entities. Occasionally matters arising from the audits of these public bodies warrant the attention of the Legislature and the public, and are detailed in the Public Bodies section of my Annual Report. The financial statements of all public bodies of which I am the auditor are published in Volume III of the Public Accounts.

Review of the Work of the Office

1.22 Carrying out the mandate prescribed by the *Auditor General Act* is a large and complex undertaking. It calls for the application of a substantial body of knowledge, the observance of high professional standards, and the organization of the resources available to meet these demands.

1.23 Professional staff in the Office of the Auditor General must first have a thorough knowledge of the principles of accounting, not only those generally accepted as applying to private sector enterprises, but also the specialized accounting concepts related to the public sector. They must also possess skills in auditing, a field of endeavour that has evolved in recent years into a complex process involving a variety of concepts and procedures.

1.24 The professional auditor acquires his skills through a long period of academic and practical training, culminating in the attainment of a professional accounting designation. All audit staff of the Office of the Auditor General are members of professional accounting bodies or are registered as student members of such bodies.

1.25 As professional accountants, my staff and I are required to observe the professional standards and rules of conduct of our respective accounting bodies. In practice these are the rules laid down by the Institute of Chartered Accountants of British Columbia. Inherent in this observance is the requirement to comply with generally accepted auditing standards (GAAS) pronounced upon by the Canadian Institute of Chartered Accountants. Thus, for most of the work of the Office, these standards form an essential part of the planning, execution, control and reporting of our audit work.

1.26 The largest commitment of staff time and resources is the examination of the accounts and records of the Government leading to my annual reports on the Government's three sets of financial statements. About 35 man-years of audit work, representing about 45% of our professional staff resources, is applied to this requirement.

1.27 By whatever measure, this must be considered one of the largest single audit engagements in Canada. It encompasses audit work in the Government's central agencies and in 19 separate Ministries employing over 35,000 staff. It also involves audits of trust funds administered by the Government, which include sinking funds, superannuation and pension funds, managed trust funds and custodial deposits. Both revenues and expenditures of this total entity exceed $13 billion annually. Including pension and other trust funds under administration, the audit covers total recorded assets and liabilities each in the neighborhood of $12 billion.

1.28 The actual audit work is conducted by teams under the general guidance of our Audit Directors. It is their responsibility to see that actual field audit work is carried out in accordance with GAAS, and in compliance with audit practices and procedures prescribed by the Office's audit manual.

1.29 The field audit work takes place mainly in the offices of individual ministries, both at headquarter locations in Victoria, and at regional offices throughout the province. It involves contacts with management, accounting and other personnel of each ministry, and entails the study and analysis of systems of internal control, many of them quite complex and operating in a computer environment. The field work also includes the examination and evaluation of documents such as contracts, invoices and payroll authorizations.

1.30 The latest concepts in statistical sampling and computer assisted audit techniques are used to reduce, as much as possible, the extent and cost of audit testing, while at the same time ensuring that tests of transactions and balances are appropriately representative of the whole.

1.31 As audit work is completed in the various ministries and agencies, a process of clearing audit findings begins. Frequently the audit discloses the need for adjustments to year-end account balances. Generally these are agreed with individual ministries, or are referred for further discussion with the Office of the Comptroller General. In the event that agreement can still not be reached, and an item is of sufficient importance to warrant further consideration, the details will be incorporated in the narrative of my annual report to the Legislative Assembly. Fortunately, the need for such reporting has been significantly reduced in recent years, a reflection of the higher quality of accounting practices throughout the Government, the timeliness of the accounting process, and the responsiveness of ministry and Comptroller General financial staff to our findings.

1.32 In addition to the discussion of final accounting adjustments, other matters that have come to light as a result of the audit relating to the accounts, the systems for financial control, and the compliance with legislative and other authorities are reviewed. Our findings are reported in detail to Deputy Ministers and other senior management. These management letters are seen as an important product of the audit examination whereby attention can be directed to problem areas, and recommendations for improvements offered for consideration on a more timely basis than that possible through the Annual Report.

1.33 As a result of the fiscal 1984 audit of the Government's financial statements, 17 management letters were issued. While many issues are acted upon quickly and resolved by management, there often still remain matters more complex and/or contentious for which resolution moves slowly. If it appears that such matters warrant the attention of the Assembly, they are described in the section of my Annual Report dealing with the audit of the Government's financial statements.

1.34 For each of the past 3 years the Minister of Finance has issued a Response to the Report of the Auditor General. This is a public document containing the Government's official response to matters raised in my last Annual Report, as well as the status of unresolved items brought forward in that Report. I have welcomed the initiative of the Minister in formalizing the Government's response to my Report in this manner.

1.35 The foregoing has described in some detail the work of my Office as it applies to the examination and reporting on the Government's financial statements. A similar process takes place with respect to my role as the appointed auditor of 31 Crown corporations and other public bodies, involving a commitment of 30 man-years of professional staff time, or approximately 40% of available audit staff resources of my Office.

1.36 Notable among these audits are the Province's three universities, the Workers' Compensation Board of British Columbia, British Columbia Place Ltd., and Expo 86 Corporation. In total, the assets administered by, and expenditures of the public bodies of which I am the appointed auditor are approximately $10.7 billion and $3.1 billion respectively.

1.37 Thus far I have described the work of my Office required to meet the mandatory responsiblities prescribed by the *Auditor General Act*. These are the attest audits of the Government's financial statements, the assigned audits of public bodies, and the reporting of matters arising from this audit work. In total this work involves 65 man-years of audit time, or approximately 85% of the total audit staff time available to my Office.

1.38 The remaining available audit staff time, approximately 10 man-years, has been applied to the conduct of comprehensive and other special audits. The results of two such audits are reported upon in this year's Annual Report.

1.39 This type of audit work requires experienced employees with special training and skills. It often calls for advice from consultants when particularly technical problems are encountered. By its nature it places extra demands on senior staff of the Office.

1.40 However, I see this aspect of our work, dealing with important economy, efficiency and accountability matters, as warranting continued special attention. Any additional resources made available to my Office will contribute to this end.

Part 1

Audit of the Government's Financial Statements

Reports and Comments On the Financial Statements

2.1 The *Auditor General Act* requires the Auditor General to examine the accounts and records of the Government, and to report annually on the financial statements expressing an opinion as to whether the statements provide a fair presentation of the financial position and operating results of the Government in accordance with its stated accounting policies.

2.2 This section of my Annual Report deals with the auditor's reports containing my opinions on the Government's financial statements, and with two related matters which warrant additional comment.

Reports of the Auditor General on the Financial Statements

2.3 The Government presents three separate and distinct sets of annual financial statements. The first, referred to as the financial statements of the Combined General Fund and Special Funds, reflects the transactions and financial position of the Consolidated Revenue Fund. The second, entitled the Consolidated Financial Statements, is intended to provide a more comprehensive picture of the Government's financial position by aggregating the Consolidated Revenue Fund with financial information of certain Crown corporations and other public bodies, and including on an equity basis the Government's investment in other Crown corporations. The third, referred to as the Trust Funds Financial Statements, presents financial information about amounts held and administered by the Government in trust for others; including pension funds, sinking funds, managed trust funds and custodial deposits.

2.4 During the 1984 fiscal year my Office examined accounts and records of the Government pertaining to the general fund, special funds and trust funds. We also examined the financial statements of 33 entities included in the Government's Consolidated financial statements. This audit work was substantially completed on 31August 1984.

2.5 My auditor's reports were issued on the Government's 1984 financial statements on 31October 1984 and are included with these statements in the 1984 Public Accounts. My audit opinions on the three sets of Government financial statements were expressed without reservation. For the convenience of the reader, the auditor's reports and the financial statements to which they pertain are included in Appendix III to this Report.

Comments on the Financial Statements

PRESENTATION OF GOVERNMENT FINANCIAL STATEMENTS

2.6 In view of the importance readers of the Government's financial statements should attach to the Consolidated Financial Statements, I suggest that the Government consider presenting its main financial statements in the following order:

- Consolidated Financial Statements
- Combined Financial Statements
- Trust Funds Financial Statements

This arrangement would give prominence to the consolidated financial statements which portray the Government's comprehensive reporting entity.

2.7 Also with reference to the presentation of the Government's financial statements, I am concerned that the Public Accounts contain, in Section A, unaudited summarized information in financial statement format derived from the Government's three main sets of audited financial statements.

2.8 Because the summarized version of the financial statements is presented as the first section of the Public Accounts, a reader might be left with the impression that these are the main financial statements of the Government. However, they are not.

2.9 To avoid any misunderstanding I suggest that, if highly summarized financial information is to be presented, it should be done in a manner which does not leave the impression that it represents the main, audited financial statements of the Province.

2.10 The use of tables, graphs and appropriate narrative is often a better means of presenting this type of information. Another approach, already under consideration by the Ministry of Finance, is to present summary financial information in a separate publication.

ENTITIES IN THE CONSOLIDATED FINANCIAL STATEMENTS

2.11 Since 1981 the Government has presented Consolidated Financial Statements. These are intended to disclose the overall state of the finances of the Government and its closely-related organizations.

2.12 The Consolidated Financial Statements include the accounts of the Government's consolidated revenue fund together with those of certain Crown Service corporations and Provincial corporations which are either extensions of existing Govern-

ment programs or which support such programs. The Government's equity in a number of Government transportation and commercial enterprises is also included in the Consolidated Financial Statements.

2.13 Although these statements have improved the presentation of financial information, questions have arisen as to which entities should be included and the basis for such inclusion or exclusion. My concerns about the exclusion of the Province's three capital financing authorities have been chronicled in all of my Annual Reports since 1981, and are again dealt with in paragraphs 3.3 to 3.10 of this Report.

2.14 In June 1984 the Office of the Comptroller General commenced a thorough review of the criteria used for including entities in the Consolidated Financial Statements. The Comptroller General has offered to have my Office review the revised criteria once his staff has completed their review. I welcome the Comptroller General's commitment to complete this review by the end of the 1985 fiscal year.

SECTION 88 BALANCES

2.15 Section 88 of the *Forest Act* provides for licencees to perform certain kinds of work, and deduct the cost from the timber stumpage revenues that they would otherwise pay to the Province. Such work includes the construction of logging roads and structures, reforestation, silviculture and other activities performed on Crown Land.

2.16 For the year ended 31 March 1984, total claims for work under Section 88 amounted to $62,594,705. Balances amounting to $38,132,000 had yet to be applied as an offset against stumpage and accordingly were included in accounts payable.

2.17 I suggest that the Government consider disclosing the amount of these unapplied claims in a note to the financial statements together with an explanation that these claims will be settled only when related forest revenues are generated by the companies concerned.

Government Accounting Policies

3.1 The Government presents its financial statements in accordance with accounting policies which it considers to be the most appropriate. Its significant accounting policies are described in notes accompanying the financial statements. My opinion on the financial statements of the Government must indicate whether the statements are presented in accordance with these stated policies.

3.2 The *Auditor General Act* allows me to comment on whether I consider the Government's financial statements are prepared on the most appropriate basis of accounting for the purpose of fair presentation and disclosure. Four matters which I believe should be addressed by the Government are described hereunder.

CAPITAL FINANCING AUTHORITIES

3.3 In my last three Annual Reports I have commented on the Government's three financing authorities which provide capital financing to the Province's universities and other post-secondary institutions, regional hospital districts, and school districts. These authorities are:

- British Columbia Educational Institutions Capital Financing Authority;
- British Columbia Regional Hospital Districts Financing Authority; and
- British Columbia School Districts Capital Financing Authority.

3.4 These financing authorities are controlled and managed by the Government. They serve as conduits for the capital financing requirements of major Government programs in the health and educational fields. The net outstanding debt of these authorities, which exceeded $2 billion at 31March 1984, is in many respects closely akin to direct government debt.

3.5 A substantial portion of the funds used to service the debt of the authorities is provided by the Province. In the 1984 fiscal year the Government provided approximately $300 million, or 80 percent of these debt service costs. In addition, the Government guarantees the debt of both the primary borrowers and the financing authorities.

3.6 Accordingly, since 1981 I have held the opinion that these three financing authorities should be included in the Government's Consolidated Financial Statements in order to reflect more fairly the long-term obligations of the Government.

3.7 Since this matter was first raised in my 1981 Report the Government has responded that it was actively considering the consolidation of these entities.

3.8 Accordingly, the Government stated the following position in the December 1984 response of the Ministry of Finance to my 1983 Report.

> As stated in the Response to the 1982 Report of the Auditor General the accounting policy applied to exclude the Capital Financing Authorities from the Consolidated Financial Statements is under review by the government and its accounting advisers.
>
> Until the government is satisfied that a consolidated form of accounting treatment of these entities will result in improved or fairer presentation, the current method of disclosure will be followed.
>
> The current method of disclosure includes showing in the Schedule of Guaranteed Debt, details of the government's long-term obligation for the Capital Financing Authorities debts. Also, in a note to the Consolidated Financial Statements, reference is made to the potential ongoing commitment of the government to meet the debt service costs of the Authorities and the actual amount contributed in the current fiscal year.
>
> Since there is no authoritative pronouncement or guidance on the principles of consolidation of government entities at this time, the government will await with interest the results of deliberations by the CICA Public Sector Accounting and Auditing Committee in this matter.

3.9 We are continuing to discuss this matter with the Comptroller General. The Government of British Columbia has already taken the significant step of preparing consolidated financial statements without waiting for an authoritative pronouncement from the Canadian Institute of Chartered Accountants (CICA). In my opinion it could be a considerable period of time, perhaps years, before the CICA Committee provides guidance on this issue.

3.10 I believe the non-consolidation of these financing authorities to be a most serious matter and therefore again recommend that British Columbia Educational Institutions Capital Financing Authority, British Columbia Regional Hospital Districts Financing Authority and British Columbia School Districts Capital Financing Authority be fully consolidated in the Government's Consolidated Financial Statements.

RECOVERIES

3.11 Under the Government's current accounting policy, receipts which arise as the result of transactions which are alike in nature and substance do not necessarily receive the same accounting treatment. This results in inconsistent accounting treatment, and therefore comparable financial reporting is compromised.

3.12 There are two ways that monies received by the Government can be recorded in the accounts and financial statements of the Province. They can be included in a revenue account, or deducted from an expenditure account. For example, monies

received by the Government as fees for the use of the golf course on the University Endowment Lands are recorded as recoveries of the cost of running the golf course. On the other hand, fees for the use of campsites in the provincial parks, a similar type of receipt, are recorded in the accounts as revenues rather than offset against park costs.

3.13 While the foregoing example involves relatively small dollar amounts, the problem it illustrates is significant because it occurs frequently and involves far larger amounts. For instance, the $543 million received from the Federal government under the Canada Assistance Plan is recorded as revenue while the $2 million received under the Young Offenders Act is offset against program costs. In both of these cases the Province receives a contribution from the Federal government based on actual program costs incurred by the Province.

3.14 This accounting inconsistency occurs because, under Government policy, the treatment an item eventually receives is determined primarily by the way in which it was included in the Estimates. If a forecasted cash receipt is included in the Estimates as a revenue, it is then recorded in the accounts as a revenue. If the item is included in the Estimates as a recovery of an expenditure, it is deducted from the appropriate expenditure account when it is received. But, because there are inconsistencies in the way monies to be received by the government are included in the Estimates, the treatment these receipts are given in the accounting records and financial statements also varies.

3.15 The Government should amend its accounting policy to ensure that cash receipts which arise from transactions of a similar nature and substance are recorded consistently in the accounts. The Estimates should then be developed in accordance with this policy.

RECOGNITION OF REVENUES FROM CROWN CORPORATIONS

3.16 The Government's revenue accounting policy does not address the manner in which revenue from Crown corporations is recognized in the Combined Financial Statements. Generally, the amounts actually received, in the way of dividend payments or other cash transfers, are recorded as revenues from Crown corporations. However, in the case of the B.C. Petroleum Corporation the net earnings of the company are recorded as revenue in the accounts of the Government, even when these earnings are different from the amounts actually paid to the Government.

3.17 Because revenue from Crown corporations is treated inconsistently in the Combined Financial Statements, the Government should state its policy for the recognition of revenues from Crown corporations in the statements.

COMMITMENTS

3.18 The Government and many of its Crown corporations often undertake major capital projects which entail the commitment to spend public money over a period of years. In order to disclose the commitments of both the Government and the 33 Crown corporations whose financial statements are consolidated with those of the Government, the notes to the Consolidated Financial Statements have included information on such commitments.

3.19 The commitment note to the Government's statements is prepared using the information from the audited financial statements of these Crown corporations. However, some of these organizations report only their contractual obligations while others report the larger total appropriation for their projects.

3.20 For example, commitments for British Columbia Railway Company's Tumbler Ridge Branch Line have been included in the Government's statements at the total estimated construction cost; British Columbia Transit's A.L.R.T. commitment has been included at the total approved price of the project; and Expo 86 Corporation's commitments have been included to the extent of contracts and agreements in place.

3.21 To improve the consistency of its financial reporting, the Government should establish and state its policy with regard to the specific information on commitments that is to be reported in the Consolidated Financial Statements of the Province.

Comments On Financial Controls

4.1 In the course of our annual examination of the accounts and records of the Government we review systems of internal control. Our examination also includes an evaluation of compliance with relevant provisions of the *Financial Administration Act*, the financial provisions of other Acts, and related policies, rules and procedures.

4.2 During our audit we frequently note instances where accounts and records are inadequate, internal controls are deficient, or policies and procedures are not followed. These findings are brought to the attention of senior ministry officials by means of discussions and management letters.

4.3 Those matters which warrant the attention of the Legislative Assembly are set out in the following section of my Report. They include a number of specific concerns, followed by general comments on certain other areas where financial control improvements are needed.

EXPENDITURE RECOVERIES

4.4 The Government's accounting policies allow ministries to credit expenditure recoveries to votes up to the amounts provided for in the Estimates. If recoveries exceed amounts provided for in the Estimates, the excess may also be credited to votes only if Treasury Board approval is obtained. If Treasury Board approval is not obtained then such excess of recoveries must be credited to general revenue.

4.5 During 1984 several ministries had credited recoveries to votes in amounts exceeding the recoveries provided for in the Estimates, or to votes for which there was no provision for recoveries. The amounts involved totalled $19.3 million. Of this total, $10.5 million related to the Employment Development Account, a special program operated through several ministries during the 1983 and 1984 fiscal years. Since Treasury Board approval was not obtained for these credits, the transactions were not in compliance with the Government's stated accounting policies with respect to recoveries.

4.6 In the absence of specific authority, these recoveries should have been credited to Government revenue accounts. Since they were not, expenditures and revenues reported in the Government's 1984 financial statements were both understated by $19.3 million. In addition, four ministries spent, without statutory authority, approximately $5.8 million of this $19.3 million in excess recoveries. Again, most of the $5.8 million was spent through the Employment Development Account.

4.7 As required by the *Financial Administration Act*, Treasury Board approval should have been obtained for spending these excess recoveries.

TREASURY BOARD AUTHORIZATIONS — REALLOCATIONS OF FUNDS

4.8 Each year the Legislative Assembly votes funds for specific purposes as detailed in the Estimates. If ministries subsequently wish to alter their spending plans funds may be transferred within a given vote. These transfers may be made between categories of expenditures (called "pools of standard objects") or between ministry programs (called "sub-votes"). Nevertheless, they require Treasury Board approval.

4.9 In the course of our 1984 audit of Government expenditures we determined that, as a result of ministries failing to obtain the required Treasury Board approval of transfers, actual expenditures in certain categories exceeded authorized limits by approximately $18 million.

4.10 While it is the ministries' responsibility to obtain the required approvals, the extent of this unauthorized spending would suggest that improved monitoring of such transactions is called for to ensure that these Treasury Board rules are being observed.

CONTROL OF GOVERNMENT BANK ACCOUNTS

4.11 In my 1982 and 1983 Annual Reports I expressed concern about the continued existence of unauthorized bank accounts, a situation which could lead to a loss of Government funds. I recommended that steps be taken to ensure compliance with the requirements of the *Financial Administration Act* and Treasury Board policy related to these bank accounts.

4.12 The policy includes the requirement that all bank accounts be properly authorized by the Minister of Finance or his delegate, and recorded in a central register maintained by the Ministry of Finance. My Office's 1984 survey and confirmation of bank accounts disclosed that 21 bank accounts were not included in the central register and eight bank accounts that had been closed were still included in the central register.

4.13 These results represented a substantial improvement over previous years, but continued efforts should be made by all ministries to comply with the relevant requirements of the *Financial Administration Act* and Treasury Board policy.

BANKING PRACTICES FOR TRUST FUNDS

4.14 The Government holds assets in trust on behalf of various organizations and individuals. It is accepted practice, when assets are held in trust, that the trust assets be held separately from the trustee's own assets; indeed, this is a practice which the Government imposes on other trustees. I believe this principle should also apply where the Government itself acts as a trustee.

4.15 Most of the cash and short term investments held in trust by the Government are properly segregated from its own funds but there are some exceptions. At 31 March 1984, approximately $148 million of trust cash and short term deposits were mingled with the Government's own cash and investments. These assets were primarily those administered by the Public Trustee, but also included some pension plan assets as well as funds entrusted to various ministries.

4.16 I first brought this problem to the attention of the Ministry of Finance early in 1984. I was informed by Ministry officials that these trust fund banking transactions are handled through one bank account for reasons of efficiency and practicability but that a task force had been established to review present practices and to recommend changes where they were appropriate. I subsequently have been told that, as a result of a recommendation of this task force, the banking activities of the pension plans will be administered through separate bank accounts commencing 1April 1985. Other trust assets administered by the Government, with a value of approximately $138 million at 31March 1984, were not addressed by the task force.

4.17 I recommend that all trust assets administered by the Government that are held through and in the Government's main bank account be segregated from the assets of the Government.

CONTROL OVER CUSTODIAL DEPOSITS

4.18 As a condition of contracting with the Government or engaging in certain commercial activities, individuals and businesses are often required to deposit cash or securities as a guarantee of performance. Under the provisions of the *Financial Administration Act* and its regulations, the ministry receiving the deposit is responsible for the administrative and accounting control of these assets. The Ministry of Finance generally holds the deposits for safekeeping on behalf of the ministries and periodically informs them of the deposits held on their behalf.

4.19 During our audit, my staff found several deficiencies in the ministries' handling of these deposits. They include:

- inadequate ministry records of custodial deposits received;
- incorrect recording of cash deposits in the consolidated revenue fund of the Government rather than in trust funds;
- inadequate reconciliation of ministry records to the periodic listing from the Ministry of Finance of deposits it held in trust for the ministry; and
- failure by ministries to manage term deposits in a manner which ensures that there is continuing security.

4.20 These problems appear to be caused, at least in part, by the ministries placing too much reliance on the involvement of the Ministry of Finance. The Ministry of Finance acts primarily in a safekeeping role. It is the responsibility of each ministry receiving deposits to ensure that the deposits are properly accounted for, remain current and comply with legislative requirements. I urge that ministries discharge this responsibility.

AUTHORIZATION OF INVESTMENTS

4.21 The Ministry of Finance invests money in short-term investments on behalf of the Government and its Trust Funds. Section 36 of the *Financial Administration Act* specifies which forms of investment are permitted.

4.22 During the year call loans were made to investment dealers. These loans are of a very short-term nature, usually on an overnight basis, and are secured by collateral consisting of securities permissible as investments under Section 36. In the financial statements the collateral for these loans was disclosed as if it were owned by the Province or its Trust Funds. At 31 March 1984 the temporary investment portfolios contained call loans to investment dealers totalling $311 million of which $169 million related to Trust Funds.

4.23 It is the opinion of my legal counsel that these call loans do not qualify as authorized investments under Section 36 of the *Financial Administration Act*.

4.24 A legal opinion obtained by the Ministry of Finance indicated that there was support, in another section of the *Financial Administration Act*, for the manner in which these funds were used. However, evaluation by my legal counsel of the legislation and facts involved indicated that no authority existed for making call loans to investment dealers.

4.25 The Deputy Minister of Finance has informed me that because of the differing legal opinions further call loans to investment dealers will not be made until the legal status is clarified. I believe it is important that there should be no doubt as to the legality of the Government's investments and, in this regard, urge that compliance with the provisions of the *Financial Administration Act* be clearly established with respect to future investments. I also urge that investments be properly disclosed in the Government's financial statements.

OTHER AREAS REQUIRING FINANCIAL CONTROL IMPROVEMENTS

4.26 In addition to the foregoing specific financial control deficiencies, there were a number of other areas where financial control improvements are required. While our findings in these areas were not of sufficient concern to describe individually, I

feel that they require general mention in this Report because they occurred in a number of ministries. All of these findings relate to controls in the Government's financial systems.

4.27 Because of the size and complexity of Government, and the manner in which it is organized, two distinct yet interrelated levels of Government financial accounting systems exist. They are:

- the central accounting systems of Government, such as the central disbursements system and the payroll system; and
- ministry accounting systems, such as those used to make social assistance payments and to account for ministry revenue collections.

4.28 By virtue of the responsibilities assigned under the *Financial Administration Act*, authority for the complete financial function rests with Treasury Board and the Minister of Finance. In turn, the Comptroller General has functional responsibility for all accounting systems, and direct responsibility for the central accounting systems.

4.29 Deputy Ministers are directly responsible for the accounting systems in their own ministries. Executive financial officers are designated in each ministry to assist the Deputy Ministers to discharge these responsibilities.

4.30 All of the findings summarized hereunder require financial control improvements, either centrally, in the respective ministries, or both. We have brought our observations to the attention of those officials responsible for taking corrective action through management letters. We will continue to monitor for improvements in these areas during our ongoing audits.

4.31 *Systems Documentation*: To ensure that ministries consistently account for, control and report on the financial and physical resources entrusted to them, Government policies require that all financial systems be clearly defined and documented.

4.32 In 11 of the 19 ministries, the policies and procedures for the accounting for certain ministry operations were not yet adequately developed, documented and communicated for use.

4.33 *Systems Integration*: To ensure that financial systems are efficient and effective, and incorporate appropriate financial controls and audit trails, Treasury Board requires all central amd ministry financial systems to be appropriately integrated.

4.34 We observed instances where financial systems were not adequately integrated. For example, we noted the following types of problems.

- Some ministry accounts and records were not in agreement with amounts recorded in the central records from which the Government's financial statements are prepared.

- The transfer of financial data between certain ministries was not well coordinated, and financial information transferred was not recorded consistently.
- Some ministry branch offices did not adequately coordinate or control the exchange of financial data with other branches within the ministry.

4.35 *Third-party verification procedures*: In order for ministry management to obtain assurance about the reliability of its revenue collection, or the validity of its loans and expenditures, it is frequently necessary for ministry staff to verify supporting information contained in the accounting records of individuals and organizations outside Government.

4.36 In six of the ministries where there was need for such verification, we found the extent of the review to be inadequate.

4.37 *Revenue Signing Authorities*: Many ministry staff are responsible for receiving public money, extending credit, issuing refunds and performing other functions in connection with Provincial revenues. To ensure that these transactions are handled or approved by the appropriate level of staff, Treasury Board requires ministries to establish revenue matrices which set out the various authority levels. Deputy ministers are required to approve these matrices.

4.38 At 31 March 1984 we found that in eight ministries revenue authorities matrices were not complete. In all of these ministries the delegation of authority existed in some form, and in some the matrix had been at least partly developed. However, in all eight of the ministries the required approvals of the deputy ministers were missing.

4.39 *Prompt Revenue and Receivables Recording*: All Government revenues should be promptly invoiced and recorded, and all receivables adequately monitored. The Government has established policies and procedures in this regard.

4.40 In eight ministries we identified cases where these policies and procedures were not being followed.

4.41 *Revenue Accounting Records*: Adequate accounting systems and supporting documentation must be maintained to properly account for revenues. The Government's revenue accounting requirements are specified in its policies and procedures.

4.42 Many of the ministry revenue control systems reviewed during the course of our audit were not adequate. Inadequacies in the following areas were noted:

- retention of supporting documentation for transactions and account balances;
- review and reconciliation of accounts established to control subsidiary records;

- accounting for important revenue documents;
- reconciliation of ministry revenue information to the central accounting systems;
- maintenance of required subsidiary accounting records; and
- complete and accurate accrual of revenue and receivables at the year-end.

4.43 Because of the inadequacies in ministry revenue control systems, incomplete and inaccurate revenue information often resulted. To correct the information numerous year-end accounting adjustments were required. My auditors, rather than ministry personnel, identified many such situations requiring adjustment.

4.44 *Expenditure Authorities*: To ensure only authorized expenditures are made, expenditure controls have been established. However, we noted that in some ministries certain expenditures were made without proper ministry authorization.

4.45 We found some inadequacies in the following areas:

- documentation of the delegation of authority to expend funds;
- the authority of individuals approving expenditures;
- timing of expenditure approval; and
- review of documentation supporting expenditures.

4.46 *Expenditure Accounting Records*: To properly account for expenditures, adequate accounting records supported by appropriate documentation must be established. The Government's policies and procedures specify the records and documents required.

4.47 During our audit we noted instances where proper records have not been maintained. The areas of concern were:

- expenditure transactions processed in the central accounting system without supporting documentation;
- ministry expenditure data not reconciled to central accounting systems reports;
- accounts paid without appropriate supporting documentation; and
- incomplete and inaccurate accruals of expenditures payable and accounts at the fiscal year-end.

4.48 As in the case of revenues, my audit staff rather than ministry personnel identified many of the adjustments that were required to correct the accounting records of the Government.

4.49 *Payroll Accounting Records*: The central payroll system provides for payment of salaries and wages to Government employees. The system relies extensively on information prepared in ministry pay offices.

4.50 As part of our audit, we examined selected payroll transactions in detail in the ministries. We found payments made without adequate supporting documentation. We also found that incorrect amounts were paid as a result of payroll calculation errors. These problems seemed to be caused by the large volume of pay adjustment forms processed, and by inadequate review of document preparation.

4.51 We also found examples of inappropriate application of the terms of employment agreements. These problems appeared to be caused by inconsistent interpretations of these agreements.

4.52 Due to the proliferation of manuals related to personnel and payroll matters, the operation and administration of the Government payroll system has become unnecessarily complicated. These manuals and directives need to be reviewed, summarized and reissued in a more integrated and useable form.

Part 2

Status of Findings and Recommendations Contained in Previous Annual Reports of the Auditor General

Status of Findings and Recommendations Contained in Previous Annual Reports of the Auditor General

5.1 During every audit we identify and assess the actions taken by management with respect to recommendations made during our previous audits. The remainder of this section summarizes the current status of such matters which arose from previous audits of the Government's financial statements and which were unresolved at the time of my 1983 Annual Report, as well as comment on special audit work reported upon during 1984. This summary does not include matters which arose from previous comprehensive audits because these matters are only followed up when the next comprehensive audit of the area is undertaken.

5.2 In my last Annual Report, I referred to my Third Special Report to the Legislative Assembly on the Expenditures of the Ministry of Tourism which was issued 11 April 1984. In that Report I stated that the financial activities of the Marketing Division of the Ministry had not been adequately controlled. I also stated that action to correct the deficiencies identified by my Office was the responsibility of the Ministry of Tourism officials and of the Comptroller General.

5.3 In May 1984 my staff met with officials from the Ministry of Tourism and the Office of the Comptroller General and described to them in detail the nature and extent of our concerns. Information on specific problem areas was also made available to them from our files. Since May I have had several follow-up meetings with these officials and I am satisfied that management is undertaking remedial action.

5.4 Just prior to completing this Report, the Ministry of Tourism, at my request, informed me as to the current status of their corrective action. With their permission I have included their letter of response below.

> I welcome the opportunity to provide a brief overview of initiatives undertaken in response to concerns raised in your three Special Reports to the Legislative Assembly on Expenditures of the Ministry of Tourism.
>
> As you are aware, from submissions filed with your Office over this past year, major efforts have been undertaken to enhance the financial administration systems and control procedures within the Ministry. We believe these efforts have been successful in large measure and, while striving for further improvements, are satisfied that taxpayer funds are being administered in a responsible and effective manner. Highlights of activites undertaken include:
>
> - Implementation of a detailed workplan to ensure systematic follow up action on deficiencies as outlined in your special audit;
> - Development of a Ministry-wide payment authority matrix which encompasses risk and dollar value considerations in delegation of spending authority. This matrix ensures senior financial management involvement in all advertising, promotion and travel expenditures as a matter of course;

- Enrolment in fiscal 1984-85 of a majority of the Ministry's managers and directors in the Government's five-day financial management course; and
- Development of improved procedures, including preparation of a "required reading" Procedures Manual and appropriate staff instruction of procedures.

We appreciate the co-operation and direction received from you and your Office this past year in resolving often complex and difficult management issues. We look forward to your continuing interest in the Ministry as it further develops and enhances financial administration policies and procedures.

Status of General Findings and Recommendations Contained in Previous Annual Reports of the Auditor General

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
		GOVERNMENT ACCOUNTING POLICIES	
1981	2.4	Exclusion from the Consolidated Financial Statements of the following financing authorities: • British Columbia Educational Institutions Capital Financing Authority; • British Columbia Regional Hospital Districts Financing Authority; and • British Columbia School Districts Capital Financing Authority.	No change. See also paragraphs 3.3 to 3.10.
1983	1.11	Gains and lossses on dispositions of long-term bond investments of pension funds are deferred, and then amortized over the lesser of the remaining term of the bonds and 20 years. The Government should reconsider this accounting policy.	No change. The Ministry of Finance, in its response to our 1983 Annual Report, referred to a CICA research study entitled "Accounting for Portfolio Investments" which it indicated gave support to the method of deferral and amortization being used by the Government. In contrast, another CICA research study entitled "Financial Statements for Pension Plan Participants" indicates that investments should be valued at market, and gains or losses on investment transactions be fully recognized in the year they occurred. CICA research studies express the views of the study groups and are not considered to be authoritative statements.

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
		COMMENTS ON THE FINANCIAL STATEMENTS	
1979	7.40 and 7.41	Recommendation with respect to the conflict between legislation and accounting practices concerning the Hospital Insurance Fund.	No change. Conflict still exists.
1980 1981	3.14 10.14	Limitations placed on the Auditor General of British Columbia under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977 (Canada)*, prevent normal verification procedures for provincial income taxes assessed, collected and allocated to the Province by the Federal Government.	No change in limitations. However, during 1984 the Auditor General of Canada provided certain assurances to my Office with regard to income taxes assessed and allocated. A representative of my Office went to Ottawa and reviewed the supporting files relating to the federal audit work carried out. We found that the work had been generally satisfactory for our requirements.
1982	2.9	Recommendation that all court trust bank accounts and offsetting trust fund liabilities be correctly accounted for and recorded.	Improvements noted.
1982	2.16	Clarification of legislation and possible funding adjustments required with respect to the Members of the Legislative Assembly Superannuation Account.	No change.
1983	2.13	Recommendation that the net realizable value of the Low Interest Loan Assistance Program funds be included in the General Fund and appropriate legislative authority be obtained for future transactions.	Net realizable value of the Low Interest Loan Assistance funds was included in the General Fund of the Province for the year ended 31 March, 1984. Changes to the legislation are currently in progress.
1983	2.16	Recommendation that key financial information of the Liquor Distribution Branch be included in the Government's financial statements to provide a more complete picture of the financial operations of the Government.	Key financial information of the Liquor Distribution Branch was included in the Government's 1984 Schedule of General Fund Revenue by Source.

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
1983	2.19	Consideration should be given to presenting the projected expenditures in the annual Estimates by major activity to be consistent with the presentation in the Combined Statement Operating Results.	The Estimates for the fiscal year ending 31 March 1986 present the Government's expenditure information by major function, which corresponds to my recommendation.
		COMMENTS ON INTERNAL CONTROL	
		MINISTRY OF EDUCATION	
1983	3.36	Inadequate systems and procedures to provide assurance that all reimbursable costs are recovered promptly and completely for shared-cost programs with the Federal Government.	Improvements were noted in claim submission systems and procedures.
		MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES	
1983	3.23	Failure to follow prescribed procedures in the safekeeping of trust assets resulting in the Ministry being unable to demonstrate that trust assets received were properly accounted for.	Considerable improvement noted in this area but improvements still needed to produce timely general ledger information.
		MINISTRY OF FINANCE	
1982	3.16	Centralized leave management system not accurate or reliable, and duplicated by manual systems maintained in ministries.	No change. Problems continue in most ministries.
1983	3.9	Control of Government bank accounts not in compliance with the requirements of the *Financial Administration Act* and Treasury Board policies.	Problem persists. See paragraphs 4.11 to 4.13.
1983	3.11	The entire bank reconciliation process related to the Government's main bank accounts requires improvements.	No improvement noted during fiscal 1984. I understand that the reconciliation process is currently being improved.

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
1983	3.18	The Security Section of the Ministry of Finance should count securities held for safekeeping at least once each year. The physical counts should be independently compared and reconciled to written control records.	In the first six months of calendar 1984 a few counts were performed on small funds. In the Ministry of Finance response to my 1983 Annual Report it was stated that periodic counts of securities will be performed. The objective will be to count a significant percent of the securities annually.
1983	3.39	Recommendation that authorization control procedures at the Government Payroll Office be strengthened and that batching of payroll input forms be implemented at the Ministry level.	Ministry level batching was implemented and authorization controls were decentralized to the ministry level. Our ongoing audit work in the ministries will monitor the application of these key controls and assess their adequacy.
		MINISTRY OF HEALTH	
1979	7.38	The system for administering and controlling patients' trust accounts should be upgraded, with particular attention being given to reconciliation of the accounts.	The system for administering and controlling patients' trust accounts has been upgraded.
1980	4.26	A coordinated policy for adjustment, collection and write-off of hospital patient maintenance charges receivable is necessary to ensure that the hospitals' accounts receivable records reflect amounts considered collectible and that amounts due are collected promptly.	New policies and procedures have been implemented for hospitals' accounts receivable records and these are in accordance with the *Financial Administration Act*.
		MINISTRY OF HUMAN RESOURCES	
1983	3.33	Deficiencies observed in the systems of internal control for the Income Assistance program.	This problem persists. Similar deficiencies were observed during current year. The Ministry is working on controls for these deficiencies.

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
1983	3.36	Inadequate systems and procedures to provide assurance that all reimbursable costs are recovered promptly and completely for two shared-cost programs with the Federal Government.	Systems have been changed and the problem corrected.
		MINISTRY OF PROVINCIAL SECRETARY AND GOVERNMENT SERVICES	
1983	3.30	Payments of printing and stationery invoices by the Queen's Printer without proper evidence that the goods were received directly by the various ministries.	The problem continues. Insufficient evidence is obtained prior to invoices being approved for payment.
1983	3.44	Recommendation to strengthen the financial operations of the Superannuation Commission.	See paragraphs 8.7 to 8.10.
		MINISTRY OF TRANSPORTATION AND HIGHWAYS	
1983	3.25 3.26	Highway construction contracts did not comply with Treasury Board approval requirements.	Subsequent to the clearance of our 1983 draft Annual Report with the Ministry and the issuance of the Report to the Legislative Assembly, the Ministry produced additional information with respect to these two projects.
		M.V. Princess of Vancouver conversion work.	According to the Ministry a 1982 Treasury Board approval of $1.7 million for 10 to 15 projects for various ferries throughout the Province was in fact all used for conversion of the M.V. Princess of Vancouver. The Ministry also stated that subsequent to the fiscal year on which I was reporting it recovered approximately $900,000 of the conversion cost.

Report	Section, Paragraph	Subject	Status as at Date of Preparation of the 1985 Annual Report
		Highway 97 construction.	In July 1984 subsequent to the issuance of my 1983 Annual Report the secretary to Treasury Board sent a letter to the Ministry clarifying Treasury Board policy with respect to unit price contracts. It stated that Treasury Board only has an interest in controlling unit costs rather than the total contract price in this form of contract. Treasury Board policy 2/83 dealing with contracts does not mention unit price contracts and requires Treasury Board approval on all contract over-runs over 10% of the initial contract price. Our comment was based on this policy.
1982	3.21	Procedures of the Motor Vehicle Department did not provide sufficient assurance that money collected on its behalf by I.C.B.C. was properly controlled and accounted for.	The revenue collection systems at I.C.B.C. were reviewed by their external auditors and were considered to have sufficient controls and safeguards to provide a reasonable degree of assurance that the Motor Vehicle Department is obtaining its money collected by I.C.B.C.

Part 3

Comprehensive Audits

Ministry of Agriculture and Food

6.1 This section of my Annual Report presents the results of our comprehensive audit in the Ministry of Agriculture and Food.

The Agriculture and Food Industry

6.2 The agriculture and food industry is important to British Columbia. It produces about 55% of the food consumed in the Province and has a significant economic impact. For example, in 1983 the industry employed 89,000 people and had sales of farm services of $700 million, farm cash receipts of $900 million, food manufacturing sales of $2.5 billion and retail food sales of $3.25 billion. About $800 million of the production and manufacturing is sold outside the Province.

6.3 British Columbia's varied geography and climate allow a wide variety of foods to be produced in the Province. The most important commodities, in dollar terms, are dairy products, poultry, beef, tree fruits and grain. This food production results from a complex system comprised of farmers, processors, wholesalers and retailers, plus those who provide them with supplies and services.

6.4 The Ministry's mandate covers the entire range of the agriculture and food industry.

The Ministry of Agriculture and Food

6.5 The Ministry conducts four general types of programs.

Extension is an advisory and educational program that transfers new agriculture and food technology, developed both outside and inside the Ministry, to producers and processors through personal contact, meetings, demonstrations and publications.

Regulatory programs help to protect the consumer from unsafe food, assist in the control of pest and disease problems in agriculture, and conserve the agricultural land base.

Service programs include laboratory operations (e.g. dairy, veterinary, soils), inspection and record keeping services and others.

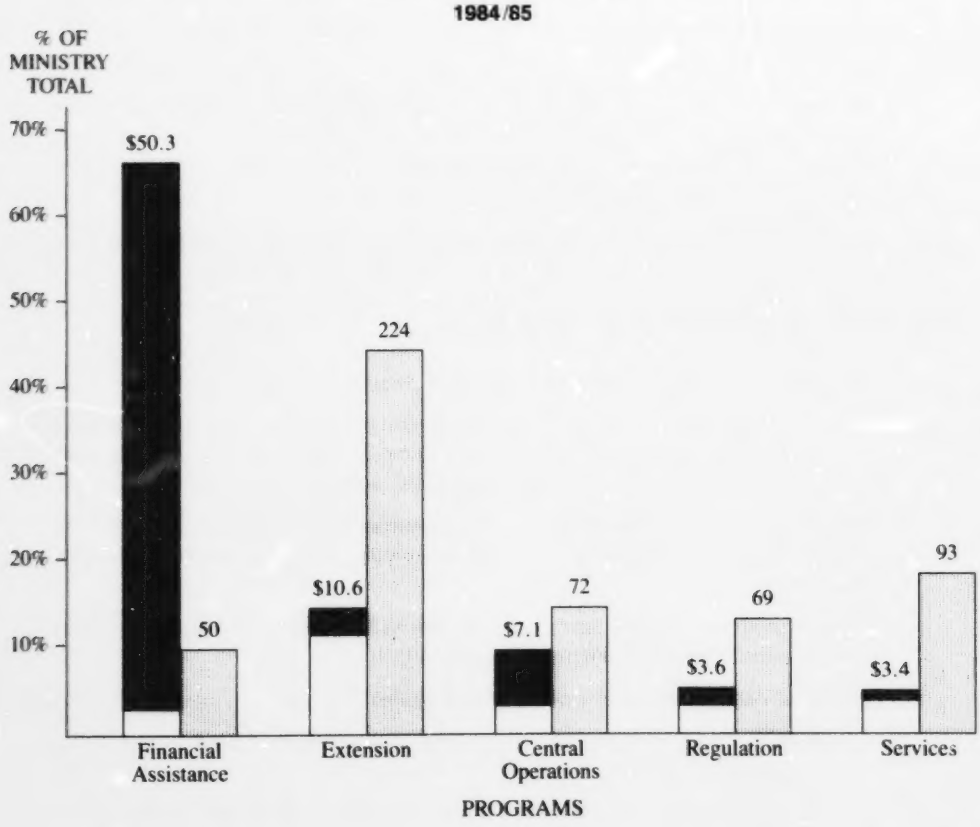
Financial Assistance consists of 3 main programs:

- Farm Income Insurance (estimated expenditures $33 million) which provides cash flow stability to producers;
- Agriculture and Rural Development Subsidiary Agreement (estimated expenditures $8 million), a shared cost program with the Federal government, which develops the agricultural infrastructure in the province; and
- Agricultural Credit (estimated expenditures $6 million) which assists farmers to obtain credit at a reasonable cost.

6.6 The Ministry was established in 1894. The major function of the Ministry during its early years was extension. Regulatory functions became significant in the mid-1950's, as a result of public concern about milk safety. Most financial programs were started in the early 1970's. Exhibit 1 presents the resource allocation for these programs as budgeted for the 1985 fiscal year. Budgets for central ministry operations such as the Minister's and Deputy Minister's offices, accounting and personnel services, office rentals and computers are included in this exhibit in addition to the four general ministry programs.

Exhibit 1

MINISTRY OF AGRICULTURE AND FOOD
RESOURCE ALLOCATION
1984/85



1984/85 Estimated Expenditures (in millions of dollars) Excluding Salaries (Total = $57.9 million).

1984/85 Estimated Salaries and Benefits (in millions of dollars) (Total = $17.1 million).

Number of Personnel (Total = 508).

Audit Objectives, Scope, Approach and Timing

6.7 *Objectives*: We designed our audit to allow us to report:

- whether the quality of the Ministry's systems of management and financial control provide reasonable assurance that ministry programs are being delivered economically, efficiently and reliably; and
- whether the Ministry has provided the Legislative Assembly with sufficient, reliable operational and financial information to allow Members to assess ministry performance.

6.8 *Scope*: The audit concentrated on areas where it is important that the Ministry do well to fulfill its function. We reviewed two of the major programs of the Ministry.

- The Financial Assistance programs and, in particular, the Farm Income Insurance and Agricultural Credit programs. Approximately two-thirds of the Ministry budget is spent on these programs.
- The Extension program which employs almost half of the Ministry staff.

6.9 We also reviewed two ministry-wide functions.

- Financial management and control of the Ministry. This study parallels the work done previously by our Office in eight other ministries.

Strategic direction and accountability which includes the Ministry's higher level planning and reporting.

Our audit and the conclusions arising from it were limited to those areas which were within the authority and responsibility of the Ministry. Government-wide issues identified during our audit have been documented in our files for possible further study and analysis on a government-wide basis.

6.10 *Approach*: Our work in the Ministry of Agriculture and Food is a continuation of our practice of comprehensive auditing. One of the important concepts of comprehensive auditing is that it is a cooperative undertaking. We received the full interest and cooperation of the Deputy Minister, his executive and all ministry personnel from the audit's early planning stages through to its completion. Their involvement greatly enhanced our work.

6.11 *Timing*: The audit started in January 1984 and concluded in June. The Ministry received a detailed report in July 1984.

Overall Assessment

6.12 The agriculture and food industry has changed over the past number of years. This change was acknowledged in new legislation passed by the Legislative Assembly in 1980. However, our audit found that the Ministry still mainly devotes its resources to its traditional activities and clientele. Little change has been made, mainly because the Ministry has not been held sufficiently accountable for its activities. However, the traditional work of the Ministry is generally being conducted with reasonable economy, efficiency and reliability.

6.13 A number of factors since 1980 have combined to impel the Ministry to change.

6.14 The new Act passed in 1980 expanded the Ministry's mandate. Until then the Ministry had dealt almost exclusively with agricultural production, though some financial assistance was available to the food industry. With the change in legislation, the Ministry of Agriculture became the Ministry of Agriculture and Food and its responsibilities were expanded to include a full range of services to the food processing, distribution and marketing industries.

6.15 The government restraint program, introduced in 1982, called for the ministries to concentrate on the important things and to become more efficient. The restraint program required staff reductions and has necessitated curtailment or change in some of the Ministry's programs. In addition, the restraint program has emphasized the requirement for the Ministry to provide decision-makers with more persuasive accountability information if it is to gain its historic share of scarce government resources.

6.16 Extension has been the primary program of the Ministry for most of its existence. The Extension program involves primarily professional staff helping farmers with farm problems and teaching them improved production methods. However, times have changed. Many farmers do not require the traditional ministry extension services because they have become more knowledgeable and have professional qualifications themselves. The agriculture industry has matured and the private sector now undertakes activities similar to those which farmers traditionally relied upon the Ministry to offer. So, the type of extension services that farmers now require from the Ministry have changed.

6.17 The staff involved in extension have been relatively constant over the years and in the past the Ministry executive have been promoted from their ranks. Thus, a shared understanding or extension culture came to dominate the Ministry. The role and benefits of extension were self-evident to staff through this shared culture. But, as members of the executive retire and are replaced, the new executive do not necessarily share the same understanding of extension.

6.18 Despite these reasons for change the Ministry was continuing to operate primarily in its traditional role at the time of our audit, and had done little to address the new mandate areas contained in the 1980 Ministry of Food and Agriculture Act. The unresponsiveness of the Ministry has resulted mainly because the Ministry has not been held accountable for its activities. Sufficient information in an understandable form on Ministry goals, plans, activities and results has neither been offered nor demanded.

6.19 There are also other reasons why the Ministry has been slow to adopt a new direction. Change cannot be achieved easily. The agriculture and food industry in British Columbia is complex with many public and private sector players involved, changing technologies, and high risks as a result of large capital investments and the vagaries of weather and international market forces. The traditional role of the Ministry has existed for a long time and is well understood and accepted by many staff and those they serve. The traditional clientele of the Ministry are well organized and highly effective lobbyists. The new mandate areas add significant complexity to the work of the Ministry which currently has insufficient technical and management skills to address its new role. Shifting the course of the Ministry while still continuing to meet the needs of its traditional clients presents the Ministry with a significant challenge.

Audit Findings and Recommendations

6.20 This portion of our Report contains analyses and recommendations on five issues that, if resolved, would improve Ministry performance. The issues are:

- mission clarification;
- program coordination;
- control and efficiency;
- management skills; and
- accountability.

MISSION CLARIFICATION

6.21 In 1980 the *Ministry of Agriculture and Food Act* was passed by the Legislature. This Act for the first time clearly included the food industry in the mandate of the Ministry and signalled other changes in the Ministry's mission. But the Act itself did not state the new mission explicitly.

6.22 The new Act has had little impact on the activities of the Ministry to date. At the time of our audit we found the Ministry still striving to achieve the pre-1980 goals, and the organizational resources still deployed in the traditional manner. The need for a new direction was not appreciated generally within the Ministry.

6.23 Extension has been a major activity of the Ministry since it was formed in 1894. Because extension has been the prime program of the Ministry for many years, extension staff see their mission and the Ministry's mission as being identical. Although this mission is not documented, staff are clear about what to do and how to do it because they share a common background and have been indoctrinated in traditional extension through their years of experience. Extension staff feel comfortable with what they are doing and are neither searching for a new role nor being directed towards one. Therefore they continue to execute the pre-1980 mission of working with farmers to increase farm production.

6.24 The financial assistance programs which were added primarily in the early 1970's had no role in the traditional extension activities of the Ministry and therefore were kept isolated organizationally. Financial assistance staff are uncertain how their programs fit in with the overall ministry mission. In addition, they are not clear on what their programs are intended to accomplish. The aims of the programs are not stated in the Act or Regulations. Management of the financial assistance programs have recognized that confusion over the purpose of their programs is causing difficulty, but they have not been successful in resolving the issue. As a result the programs continue to be delivered as they have in the past.

6.25 The need for change and a new mission statement has been recognized by a few within the Ministry. At the time of our audit the process of clarifying a new mission statement had begun, but the work had not been given a high priority and disruptions had interfered. However, in May 1984 the Ministry made a presentation to Cabinet outlining a new mission. This seemed to receive Cabinet's support. But at the time of our audit very few people in the Ministry were familiar with this new mission, and even among them there was some reluctance to embrace it. In addition, the Ministry did not have a general plan or the proper mix of knowledge or skills within existing staff to address the new mission.

6.26 A well defined statement of mission is required to clarify Ministry objectives and to achieve a common understanding of the Ministry's role among the ministry staff, the political level, industry and the public. Such a statement should build a unity of purpose with ministry staff and would provide a reference point against which to monitor ministry activities.

6.27 *Recommendation*: The Ministry should document its new mission and develop plans and an organization structure suitable to accomplishing it.

PROGRAM COORDINATION

6.28 The Ministry is accountable to the Legislature, the public and the agriculture and food industry for the management of the resources entrusted to it. The agriculture and food industry is structured predominantly on a commodity basis. It is on this basis that they do business and organize themselves. The public also generally

think of the industry in terms of commodities. As a result both the industry and public call for an accounting from legislators and the Ministry along commodity lines. For the Ministry to be accountable, its programs need to be commodity oriented. Moreover the new Ministry mission will further stress a commodity orientation and require the Ministry to work with complete commodity systems and to integrate all aspects of a commodity, from supplying farm inputs through to marketing.

6.29 However, the Ministry is not organized on commodity lines. There is no single person or group in the Ministry responsible for a particular commodity. As a result no one is, or can be, held accountable for the Ministry's overall performance with respect to a commodity. The Ministry has used a committee structure to try to provide some commodity orientation to extension, but for various reasons these committees have been ineffective.

6.30 The current ministry structure maintains a distinct separation between the extension and financial assistance programs. Extension management and staff, who deal with farmers directly in the field, believe that the financial assistance programs often work at cross purposes to extension. Extension staff encourage farmers to adopt new technologies and methods while the financial assistance programs may sometimes inhibit innovation. Conversely, financial assistance staff recognize that extension staff have information of value which they are reluctant to divulge for fear of jeopardizing their standing with farmers, since this relationship is important to the success of their extension work.

6.31 Other coordination problems also exist. The Marketing branch is essentially the only ministry branch currently dealing with extension for the food industry. But the branch has few resources and therefore has not linked its programs well with the producer programs of extension. Nor has it been able to train extension staff in marketing concepts. The Economics branch of the Ministry, which also has relatively few staff, has not effectively transferred economic or financial concepts to extension staff. As a result, these important skills for serving the new mandate have not been transferred adequately to ministry clients.

6.32 The Ministry must bring many different functional skills to its job and provide services throughout a province with distinct regional differences in agriculture and its associated industries. These factors argue for functional and regional organization forms. But industry accountability, harmony of programs, and vertical integration of an industry all require commodity-oriented programs and a commodity-oriented organization. The Ministry is inevitably forced into some form of matrixing with its organization. However, the commodity dimension must dominate for proper accountability.

6.33 *Recommendations*: The Ministry should organize its program delivery so that:

- the programs better serve the commodity systems;
- responsibility and accountability for programs are established; and
- programs function in a complementary way.

CONTROL AND EFFICIENCY

6.34 The Executive Financial Officer role in the Ministry is split between the Assistant Deputy Minister (ADM) of Financial Assistance Programs and the Executive Director of Management Services. The ADM of Financial Assistance Programs sets financial policies for these programs and is responsible for the budgets and financial results. Each of the financial assistance programs has its own processing staff and keeps its own financial records. The Executive Director of Management Services is concerned with the financial policies and maintenance of financial systems in all other areas of the Ministry. He has responsibility for the Ministry's central accounting group which processes Financial Assistance program payments through the government central accounts system. However there is some confusion over the specific responsibilities for systems and procedures relating to the Financial Assistance programs which has led to certain key functions not being attended to, while other activities are duplicated. The processing groups for Financial Assistance programs also have difficulty dealing with volume fluctuations, staff leaves and staff backup due to the small size of their groups.

6.35 The Ministry has an internal audit group which reports through the Management Services division. However this group does not fulfill an internal audit role but rather mainly processes claims applications and verifies claims information for the Financial Assistance programs. Managers of the Financial Assistance programs therefore are required to rely on work which they do not direct or control when deciding to pay benefits.

6.36 The delivery of the Extension program involves 16 separate branches in four divisions, plus the Management Services division. Some staff are located in regions; others are in functional branches. The complexities of this structure increase management overhead and lead to inefficiencies.

6.37 *Recommendations*: The Ministry should:

- assign financial responsibilites so that responsibility and authority rests with those who will be held accountable for results; and
- ensure that financial responsibilities are understood.

6.38 The Ministry should also review the efficiency of its organization and consider:

- consolidating the routine processing and record keeping for the Financial Assistance programs with the central accounting group; and
- amalgamating some of the divisions, branches and regions involved primarily in Extension.

MANAGEMENT SKILLS

6.39 The Ministry has a technical orientation towards the two major programs reviewed during our audit: Financial Assistance and Extension. The administration of these programs is viewed as having a large technical component. As a result, proficiency in scientific or professional skills is emphasized in the selection, evaluation and reward system of the managers in these programs. Our audit found that managers were technically capable and met the standards by which they had been measured to date. However technical skills alone will not ensure effective administration of the programs. Management skills are also required, particularly in the more senior positions. These skills have not been sufficiently developed in the Ministry.

6.40 Managers of the financial assistance programs were competent technically. They had done some excellent analyses of their programs. However they lacked the managerial acumen to find productive ways to achieve the changes they desired in the programs.

6.41 In the extension area, managers have been promoted from the ranks with little management training. The predominant management style in extension is loose, informal and verbal. Control and efficiency are achieved through the shared extension culture of management and professional staff, who are all highly dedicated to traditional extension. The change in the mission of extension, and resultant requirement for the program to be accountable for specific results, will require more formal management skills, more structured management processes, and better information systems than the Ministry uses currently.

6.42 The management skills required by senior staff are not limited to those required for internal management. The Ministry must also deal with groups in its environment, including agencies both within and outside of government. To be effective, ministry management must learn to influence those groups which are outside their direct sphere of control.

6.43 *Recommendation*: The Ministry should take specific action to upgrade the formal management skills of its directors and executive, and give considerably more emphasis to management skills in performance evaluation, promotion and hiring.

ACCOUNTABILITY REPORTING

6.44 The Legislative Assembly and the public require sufficient, reliable accountability information from the Ministry to permit them to judge the Ministry's performance. There are three public documents which are potential sources of accountability information - the Estimates, the Public Accounts, and the Ministry annual report. The Estimates outline the Ministry's spending intentions at a highly aggregated level and provide some general description of ministry activities. However we found the Estimates are not structured to provide much useful accountability information. The Public Accounts, which report spending results, generally follow the form of the Estimates and therefore do not add significantly to the body of information available to judge ministry performance. The Ministry annual report is also deficient with regard to accountability information. The reader of these documents does not get sufficient information in an understandable form to know what role the Ministry is supposed to fulfill, what it intended to achieve during the year, what was spent to achieve the planned outcomes, or whether the planned outcomes were in fact accomplished. The annual report also fails to give the reader a clear indication of what the Ministry expects to happen in the future and what the Ministry intends to do about it.

6.45 It is important that the Ministry provide adequate accountability information. Such information is one of the few ways the public have to determine that their tax dollars are well spent and that value is being received for the money expended.

6.46 Within the Ministry there should also be a requirement for the staff to be accountable. However the Ministry uses only very informal evaluation and accountability processes. This results partly from unspecific missions and goals, and partly from organizational and budgeting structures which spread responsibility and authority. However the primary cause is that staff, in keeping with the Ministry's informal, collegial tradition, have never been required to be accountable. The single measure of accountability in evidence was that clients were not complaining. This may be one appropriate measure, but not without reference to indicators of the quantity and quality of the service given, and consideration of the level of services required and the alternative ways of using resources to attain this level.

6.47 *Recommendation*: The Ministry should:

- present the Legislative Assembly and the public with an adequate accounting of its plans, activities and results in its annual report so that its performance can be evaluated;
- demand accountability from all its management and staff; and
- structure its organization and processes to facilitate accountability.

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Response of the Ministry of Agriculture and Food

As part of the comprehensive audit process we request the ministry to respond to our report. The comments of the Ministry of Agriculture and Food follow.

INTRODUCTION

The comprehensive audit of the Ministry of Agriculture and Food has come at a time when the Ministry finds itself in the process of incorporating a new mandate. This mandate charges ministry staff to provide leadership in the continued development of a commercial agriculture and food industry in British Columbia. It defines the Ministry's aims for growth in agricultural production and market development in an agricultural milieu which is becoming increasingly technological, and among a clientele which is becoming more and more sophisticated.

The incorporation of this new mandate occurs just as the Ministry has had to reflect the government's fiscal restraint on the one hand, and respond to increased demands by the industry on the other. The Auditor General's recommendations are, therefore, timely and will assist the Ministry in the planning, organization and implementation of its new mandate in the context of resource constraints.

For these reasons the Ministry participated fully with the audit team and encouraged all staff to cooperate. The results of this cooperation are twofold: first, the review is thorough and realistic, and second, a great amount of feedback and exchange of ideas has been encouraged, thereby assisting in the acceptance and implementation of positive recommendations.

GENERAL RESPONSE TO OVERALL ASSESSMENT

The Ministry is pleased with the overall fairness of the review of the Auditor General regarding its operations. More specifically, the Auditor General reports that, while improvements may be required, ". . . the traditional work of the Ministry is generally being conducted with reasonable economy, efficiency and reliability."

This is substantiated by several facts.

1. Expansion and Regionalization

   From 1976 to 1982, staff numbers increased only marginally, (two percent), reflecting concern about staff productivity and overall efficiency. While many ministries were expanding rapidly, often as a result of extensive regionalization, Agriculture limited its regional program to establishing a small administrative structure to permit targeting programs to regional needs.

2. Program Improvements

A number of program changes have been made, particularly since 1979, to improve the cost-effectiveness of financial programs. These include:

- amendments to ALDA to better target program benefits;
- upper limits on Partial Interest Reimbursement; and
- improved cost models in Farm Income Insurance.

Future changes will reflect better information, increased staff knowledge, and selective recruitment of technically trained staff.

Regulatory and extension programs were streamlined to improve effectiveness.

3. Development of New Mission

The Ministry put forward a new mission in 1981, to support the change in mandate provided by the Ministry of Agriculture and Food Act of 1980. While this effort was not totally successful in gaining approval and acceptance, it laid the groundwork for the more recent effort in 1984. The 1984 review has received Cabinet approval and provides endorsement for new directions and initiatives.

The Ministry has not yet fully met the challenges of its new mandate. The Audit Report mentioned some of the factors responsible for the delay, including industry and public expectations for the continuation of traditional programs. Historically, staff resources were concentrated on extension, while the new direction requires greater knowledge of development and marketing, and therefore the re-orientation, while started, cannot occur as readily as may be desirable. Nevertheless, the mood for change has been detected by the audit team in its interviews with Ministry staff.

REPONSE TO SPECIFIC RECOMMENDATIONS

1. Mission Clarification

The Ministry initiated the development of a statement of purpose in recognition that articulating a "mission" could be an effective instrument in improving program coordination. There has been a clearly defined sense of purpose within many of the individual components of the Ministry.

The Ministry agrees with the Auditor General that its new mission had not been well communicated internally. However, general Cabinet approval for the Ministry to sharpen its focus was only received late in the period during which the comprehensive audit was underway. Specific elements of the ministry plan still need to be ratified. Consequently, the dissemination of this mission has been intentionally paced to ensure that it is appropriate in the context of overall government policy.

The lack of an integrated internal planning process and of planning skills (identified by the Auditor General) has also hindered the process. A program of disseminating this information has been initiated. A program to upgrade managerial staff in planning skills and a process for integrated planning is being addressed.

2. Program Coordination

The development of the Ministry's new mission focusing on growth and development of the agri-food sector has highlighted the need to reorient and improve coordination of Ministry programs.

Since existing programs have developed over a period of years, they respond to the particular problems of different historic periods. Many of the financial programs and economic regulations, for example, were implemented primarily in the mid 1970s in response to depressed market conditions. Consequently these programs are aimed at the "preservation" or "maintenance" of the agricultural sector, and must be reviewed in light of emerging economic opportunities.

Since most programs are well established with existing clientele, efforts to better target programs will require improved communication with industry and the general public.

A commodity orientation is vital to ensuring that Ministry programs support industry development by addressing key constraints within the commodity system. The key to achieving improved coordination which the Ministry is pursuing is the development of an improved management information system dominated by a commodity approach. This information base will play a multiple role in facilitating improved targeting of programs, in monitoring program effectiveness, and in providing improved accountability to government, industry, and the general public.

Some changes to program organization can be expected, but these will have to be made carefully to reflect the numerous dimensions of the Ministry in addition to commodities. The problem is complex. For example, the province's agricultural industry is regionally based, due to topographic, climatic, and economic factors; needs are often different requiring different program elements. The industry itself, although commodity-based, operates within a functional matrix in which suppliers, producers, processors, wholesalers, distributors and retailers have unique characteristics. The Ministry must also deal with other government departments, and these are generally organized along functional lines which are different from the industry functions. Additionally, the Ministry uses a very wide range of skills, but generally with limited numbers of staff in each discipline. Therefore, its structure and management systems must ensure the maintenance of highly qualified human resources.

In summary, the Ministry has addressed, but not fully resolved coordination problems. Due to the multiplicity of dimensions in its programs and operations, the Ministry is pursuing the objective of improved program coordination through the following four initiatives:

(1) the development of a new mission;

(2) development of an improved, commodity-based, management information system;

(3) a clear delineation of roles and responsibilities; and

(4) modifications of its structure.

3. Control and Efficiency

The audit team detected some confusion regarding responsibility for reviewing financial systems in some programs at the time of their audit. The Ministry now clearly recognizes that this responsibility resides with the Senior Financial Officer for all programs, including financial assistance.

The Ministry has followed up with a detailed analysis and determined there is only a limited amount of duplication between Financial Assistance Programs and the central accounting group. In programs where processing of actual claims is the last link in the chain of program delivery, there is some opportunity for centralization.

The comments regarding the internal audit group are correct. It is anticipated that the staff of this group should, in future, be separated to form a small true internal audit group.

The Auditor General recommends aligning responsibility and authority with accountability. That is, those who will be held accountable should have the authority to carry out the assigned responsibilities. The Ministry agrees with this statement. In organizations having diverse and complex programs, such as the Ministry's, where limited skills are required by several programs, the solution may require a clearer definition of functional responsibilities and establishment of control procedures to ensure that they work. It should be clear, in such instances, that the *program* should dominate the *function*.

In order to achieve effective control and improved efficiency, it is essential that improved relationships and a clearer understanding between the ministries and functional control agencies be established. These groups have *functional* responsibilities which are important, but these should not dominate Ministry programs. Without some changes to establish clear responsibilities the Ministry will remain in a position of being required to rely on work/resources which it does not direct or control, thereby undermining the ability to hold its managers accountable for results.

The Auditor General also recommends amalgamating some of the divisions, branches and regions involved primarily in extension. Some amalgamation has already occurred due to downsizing, and additional opportunities may arise through a realignment of responsibilities.

4. Management Skills

Because of a large number of separate disciplines, a wide range of commodities and many programs, the Ministry has historically developed numerous, small management units in which the branch head was expected to be a working manager. Managers have been required to retain a high level of technical knowledge. But, given the recent amalgamation of units (expected to continue in the future) into larger branches, the administrative and managerial skills of managers have become more important.

The Ministry proposes to emphasize training in management skills in 1985-86, in the type of areas recommended by the Auditor General.

5. Accountability

The Ministry has always emphasized accountability. Staff have accordingly responded to requests for information from industry and the public on program operations and impacts (excluding confidential client information). This has included responses to many annual requests from the members of the Legislative Assembly. Explanations of program intent and impact have not, however, been comprehensively reported in the Annual Report, nor demanded routinely as part of the Ministry's management information system.

The Auditor General has specifically recommended that sufficient information be provided in the Ministry's annual report to permit an assessment of the performance of programs and staff. Furthermore, a formal system of accountability from all management and staff was recommended. The Ministry has initiated changes to the Annual Report and the internal information system to reflect this attitude.

CONCLUSION

The Ministry has recognized the critical need, as part of the overall restraint program, to improve its overall management of programs and resources, and has taken initiatives to clarify direction and improve integration and accountability. It is important that the Auditor General has greatly assisted, and has supported, the thrust of these changes. More specific recommendations, particularly in the detailed reports to the Ministry, have provided an extremely useful framework by which management systems can be systematically reviewed and improved.

Since the completion of the comprehensive audit, several task forces have been established to ensure implementation, or refinement and implementation, of some of the recommendations.

Some recommendations will take time to put in place, others will be modified. But the alternatives will reflect the general principles outlined in the Auditor General's report.

7.12 Audit criteria are benchmarks against which ministry performance is assessed. Our review did not insist on theoretic perfection; rather, we evaluated whether reasonable standards had been met. The general standard used for our audit was that:

> a ministry annual report should contain sufficient, reliable information in an understandable form to allow the Legislative Assembly and the public to judge the performance of the ministry.

7.13 During our audit we evaluated whether the information in the reports was sufficient, reliable and understandable.

Ministry Annual Reports

7.1 All ministries prepare annual reports which are submitted to the Legislature and which are available to the public. These reports are intended to comment on the work of the ministry and its achievements.

7.2 During the year we conducted an audit of the annual reports prepared by ministries to determine whether they contained information which would allow the Legislative Assembly and the public to judge the ministries' performance.

Overall Assessment

7.3 We have concluded that ministry annual reports do not provide a full and fair explanation in plain language of what ministries have done with the money and powers granted to them. As a result, the annual reports do not give the Legislative Assembly and the public the information necessary to judge whether they are being well served by the ministries.

Accountability Reporting

7.4 The Legislative Assembly establishes public policy. This policy, which is formalized in legislation, determines the way in which money will be raised and the purposes for which the funds will be spent. After the Legislature has established its policy, it delegates the responsibility, funds and powers to carry out the policy to the government administration. The Legislature has no role in administration. However, it is responsible to see that government administration is properly discharged. In recognition of this responsibility, the Legislature requires the administration to submit to it annually the Public Accounts and the ministry annual reports. These documents are intended to allow the Legislature to judge the performance of the administration by providing an explanation of what the administration has done with the money and powers granted to it.

7.5 The Public Accounts, which include the Government's financial statements, report on the overall financial situation of the Government. They also provide information on whether the expenditures have been made for the purposes approved by the Legislature and on whether the amounts spent for any particular purpose are within the limits established by the Legislature.

7.6 Ministry annual reports form another important link in the accountability process. They describe the ministries' purposes, inform the Legislature of the ministries' activities and the money spent on them, and include information on the effects of their activities. They also provide information on whether the resources entrusted to

the administration were well managed and whether value has been received for money spent.

7.7 These two documents, the Public Accounts and ministry annual reports, also form the basis of information used by the public to assess the manner in which public funds have been used by the government.

7.8 Each year our Office audits the Government's financial statements. This year we also undertook an audit designed to evaluate the adequacy of ministry annual reports.

Audit Scope, Methodology and Criteria

7.9 We included the annual reports of all 19 ministries of government in our audit. We did not include the reports of Crown corporations and other public bodies.

7.10 Our audit consisted of a detailed review of the latest available ministry annual reports using criteria or standards developed for the audit. In addition, we held discussions with ministry staff involved in producing the annual reports to determine the methods and standards used by each ministry in the report's preparation.

7.11 We have reported the detailed results of our audit to each ministry. In that report we provided the ministry with a thorough analysis of its annual report and with suggestions for improving its reporting. Senior management of all ministries were generally receptive to these reports. We expect improvements to be evident in the annual reports for the 1985 fiscal year.

7.12 Audit criteria are benchmarks against which ministry performance is assessed. Our review did not insist on theoretic perfection; rather, we evaluated whether reasonable standards had been met. The general standard used for our audit was that:

> a ministry annual report should contain sufficient, reliable information in an understandable form to allow the Legislative Assembly and the public to judge the performance of the ministry.

7.13 During our audit we evaluated whether the information in the reports was sufficient, reliable and understandable.

7.14 Our audit concentrated on whether the information in ministry annual reports was sufficient to enable a reader to judge the performance of the ministry. Our focus was on whether the reports contained the type of information needed by the reader to assess a ministry's performance and whether there was enough information to permit such an assessment. We felt this concentration on the report's content was justified because, unless the nature and extent of the information make the report of interest to the reader, it is relatively unimportant that the information be accurate and be clearly communicated.

7.15 In addition, we reviewed the reliability of the information in the annual reports. When elected representatives and the public read reports on how the powers and funds entrusted to the administration have been used, they must be confident that the reports are accurate and reliable.

7.16 Finally, we considered whether the information in the reports was in an understandable form. For the reports to be meaningful, the information must be presented in such a way that it is comprehended by the reader.

7.17 Our audit findings are reported under the three major criteria for the audit; sufficiency, reliability and understandability. In addition, we comment on the timeliness of accountability reporting.

Sufficiency

INTRODUCTION

7.18 To conduct our audit, we developed standards for the content of ministry annual reports. To be sufficient the information in a report should:

- describe the ministry's mission and the major legislation from which it is derived;
- provide a profile of the client groups and areas served by the ministry, and describe their current situation;
- describe the ministry's goals and the programs established to accomplish them;
- describe the major activites undertaken for each program, the financial and other resources used, and the client groups or areas which were served;
- describe the effects of the ministry's programs and the extent to which their goals were met;
- forecast the expected future state of its client groups and areas, and outline the ministry's intention with respect to them; and
- describe the significant methods used by the ministry to ensure economy, efficiency, effectiveness and control of its programs, and its success in these matters.

7.19 These criteria have not created any new standards of reporting. Rather they organize existing standards into a coordinated structure. The Legislature has indicated the type of information it needs in ministry annual reports by including in two ministry acts a requirement for them to include specific accountability information in their annual reports. Also, the government has established policies and guidelines for accountability information to be included in ministry annual reports

in the Financial Administration Policy Manual authorized by Treasury Board. In addition, both public sector studies such as the federal Royal Commission on Financial Management and Accountability, and private sector standards, such as the requirements for disclosure in prospectuses and the standards used to judge corporate annual reports, have applicability to this audit.

7.20 However, because we developed the standards in the form used for the audit specifically for our review, ministries did not have them prior to our audit. This may account, at least in part, for our audit finding that, while the reports did contain some useful information, the content of each of the 19 reports we reviewed could have been improved significantly.

7.21 Our detailed report to each ministry includes suggestions the ministry could use to improve the content of its annual report. While the specific suggestions for improvement vary from ministry to ministry, there are some areas requiring improvement which are common to several ministries.

MEETING READERS' NEEDS

7.22 Many ministries, when writing their annual report, made the unwarranted assumption that the reader already had a detailed knowledge of the ministry's business and client groups.

Background

7.23 Most members of the public, and perhaps some members of the Legislature, are not familiar with the specific role of each ministry or with the needs of its client groups. Therefore, the annual report must provide the reader with an understanding of the ministry's business. This background information on a ministry's mission and client groups is required by the reader to place into context the rest of the material included in the report on the ministry's programs, goals, activities and accomplishments.

7.24 The background information required by the reader includes a statement of the ministry's mission. The mission statement provides the reader with an understanding of the responsibilities and powers delegated to the ministry by the Legislature, and with a description of the ministry's client groups: those sectors of the public or the economy that the ministry serves, or the provincial resource for which it is responsible. In addition, the mission statement should describe the ministry's role with respect to its client groups.

7.25 The reader also requires a profile of the client groups served by the ministry and a description of their current situation or state of well-being. This information provides the reader with an appreciation of the need for government involvement with the ministry's client groups.

Findings

7.26 While all the reports we reviewed contained some background information of use to the members of the Legislature and the public, this information was deficient in most of the reports.

7.27 On the other hand, several of the reports included information on ministry activities at a level of detail beyond that which would be of interest to the Legislature or the public. Because most of the annual reports omitted details required by the Legislature and the public, but included other details less likely to be of general interest, we concluded that several of the reports were written to meet the needs of the ministry's special interest public or of the ministry itself rather than those of the report's prime audience.

7.28 The special interest public consists of people with a particular interest in the activities of a specific ministry. Their special interest may result from being involved in some way with the ministry's programs, from having a technical expertise which makes the activities of the ministry of interest, or simply from particular individual interests. People in this group generally have a sound understanding of the ministry, its client groups, and its programs. As a result, reports which are written to meet their needs do not require the background information on the ministry's mission and client groups which is so useful for the report's prime audience. Also, because of their high degree of interest, the special interest public demand a large volume of information. Reports written for them contain more detail than is of interest to the prime audience which finds the superfluous detail distracting and difficult to digest.

7.29 A number of ministry annual reports also seemed to have been written to satisfy needs of the ministry itself. These reports included material written to satisfy accountability relationships within the ministry and emphasized the program managers' accountability to senior ministry management. These reports also tended to include more detail than is desired by the Legislature or the public. The prime audience was further alienated because the reports often consisted of an aggregation of ministry branch reports written along the organizational lines of the ministry. The reports therefore were fragmented, and tended to describe the contribution of the branch to the ministry, rather than describing the service the ministry had offered to its clients through its programs. The reports also served as an historic record documenting the changes which occurred within the ministry during the year. Reports written primarily for a ministry audience omitted much of the background information on the ministry's mission and client groups since this information was understood by the audience.

7.30 Most ministries could improve their annual reports by targeting their message to the needs of the Legislature and the public. By concentrating on the information needs of the report's prime audience, ministries would recognize the usefulness of proper background information which is currently missing in many of the reports. The focus of the reports would also be sharpened on the main programs of the ministry

and would result in a much more useful and interesting report for the reader. More detailed information intended for the special interest public could still be included in the report if this were seen as desirable, but it should be clearly segregated from the message intended for the prime audience.

TELLING THE ACCOUNTABILITY STORY

7.31 Most annual reports did not adequately explain to the reader the goals of the ministry's programs, whether the goals were met, or the costs of pursuing the goals.

Background

7.32 The annual report should provide information which allows the Legislature and the public to assess a ministry's performance. To make this assessment the reader of the report needs to know what the ministry intended to achieve during the year, the human and financial resources devoted to achieving the planned outcomes, and the degree to which the planned outcomes were in fact accomplished.

7.33 The ministry's goals and a description of the programs established to accomplish them should be included in the annual report to provide the reader with an understanding of the intent of government involvement with a particular client group and the means the ministry uses to achieve those objectives. Frequently legislation is written in broad general terms allowing the ministries latitude as to the specifics of government programs. Ministries should account for their use of this discretion in their annual reports.

7.34 In addition, the report should provide the reader with an understanding of the manner in which the ministry pursues each of its significant program goals and of the public funds and resources devoted to their attainment.

7.35 Finally, to make an assessment of ministry performance, the reader requires information on the effects of the ministry's activities. The annual report should include information which permits the reader to assess whether the ministry's client groups, and therefore the Province in general, are better off as a result of the ministry's activities and whether the extent of the effects seems reasonable in relation to the public funds and resources devoted to the purpose.

Findings

7.36 All of the annual reports gave the reader a sense of the ministry's programs. However, these descriptions frequently could have been improved, particularly in those reports which consisted of an aggregation of ministry branch reports. In these reports, the program descriptions were only complete and useful to the reader if the branch happened to be responsible for a particular program. However program responsibilty often does not follow organizational lines.

7.37 Information on ministry goals could have been improved significantly in most reports. In some reports information on goals was absent. In others, including those which consisted of aggregation of branch reports, the goals were too internalized. In these cases, the objectives the ministry was attempting to achieve tended to be stated in terms of outputs from the ministry's activities, rather than in terms of effects on the ministry's client group. Goals must be client oriented to be meaningful to the report's prime audience. The Legislature and the public provide ministries with resources to improve the well-being of its client groups and the annual report should indicate whether this has occurred. A third deficiency was that many of the goals included in the ministry annual reports were stated too broadly to be used effectively as a basis for assessing ministry performance. As a result, we concluded that overall, the goal descriptions included in ministry annual reports did not provide the reader with a proper basis for evaluating a ministry's performance.

7.38 Most ministries devoted a substantial proportion of their annual reports to a description of their activities. The quality of these descriptions varied from ministry to ministry but in all cases the reader gained at least a general appreciation of what the ministry did. However, the reader was often not given enough information to understand why the ministry engaged in the described activities since many of the goal descriptions were either not included in the reports or were deficient. In addition, the reader was frequently not given information on the costs of undertaking these activities and therefore could not determine the costs of pursuing the goals of specific programs. While some reports gave the extent of the financial resources expended on financial programs, few described the extent of the human, capital and other resources expended to pursue program goals.

7.39 The annual reports contained little information on the effects of ministry programs. The degree to which the reports included information on the effects of programs seemed to be directly related to the degree to which they included well defined goals. Some reports contained almost no information on the effects of ministry programs. Usually these reports were the same ones that did not include program goals. In those reports where it appeared that the ministry had recognized the reader's need for information on the effects of ministry programs, the effects were usually stated in terms of the results of ministry activities, rather than described in terms of the effects of ministry activities on the client groups.

7.40 We recognize that properly described goals are difficult to develop. However, one of the first steps to telling a proper accountability story is the development of these goals. Because they form the basis for the accountability story, they are necessary for the annual report to be meaningful to the reader. Without a meaningful story the reader cannot assess a ministry's performance and he will not likely bother to read the report.

REPORTING ON MANAGEMENT PERFORMANCE

7.41 Ministry annual reports did not provide the reader with assurance that the public funds entrusted to the administration were well managed.

Background

7.42 A ministry annual report should provide the reader with a report from management on its stewardship. Management is responsible to ensure that the systems of internal control over public spending are adequate. The Legislature and the public are also interested in receiving value for money, and are therefore interested in the techniques used by management to ensure they achieve economy, efficiency and effectiveness. Because the administration has the primary responsibility for managing the public funds entrusted to it, they should provide the reader with information on the manner in which they have discharged their responsibility.

Findings

7.43 We found that the reports did not provide the Legislature or the public with assurance that there is good management in the public service. Most reports did not describe the significant methods used by management to ensure economy, efficiency and effectiveness. Nor did the reports indicate whether management had been successful in reducing costs, safeguarding assets or in developing a productive staff.

7.44 Some annual reports did contain a limited amount of information on management performance. However this information did not allow the reader to make an overall assessment of the performance of management because of the manner in which it was presented.

Reliability

7.45 To be effective, annual reports must be believed and used by the reader. To believe the information in annual reports the reader must be satisfied with its quality. This credibility results from the accuracy and fairness of the information presented in the reports.

7.46 We did not conduct an audit of the accuracy of the information contained in ministry annual reports. Our work on reliability included primarily our discussions with ministry personnel on the procedures used by each ministry to achieve accuracy in its report. However, during our review of ministry annual reports, we did note some instances where the manner in which the information was presented might mislead the reader.

7.47 We found that, while each ministry follows a process which considers the accuracy of the information in the report, none of the ministries had designed their annual report process to ensure that the reports contained only reliable information.

7.48 In most ministries, the portion of the annual report dealing with a particular program is drafted by the staff of that program. This draft is then reviewed and edited at least once by a central team within the ministry which is responsibile for putting the annual report together. A final review is performed by senior management of the ministry and in most cases, by the Minister or staff in his office.

7.49 This process should minimize factual errors in the report since those most familiar with a program draft the material with regard to it. In addition, there are several reviews of this information which should identify any errors. However, those who are responsible for programs may not be the most objective in the selection of the facts to be presented, or the manner in which they are presented.

7.50 The results of our review, while not conclusive since we did not conduct an audit, indicate that there are very few errors of fact in ministry annual reports. However, we did find some instances where the information in the reports could be misleading as a result of ministries selectively choosing data to be included or excluded, or from presenting the data in a manner which might mislead the reader. We also found particular word selections which could prejudice the reader.

Understandability

7.51 Each ministry annual report was reviewed to determine whether the message that it contained would be understood by the audience for which it was intended. We found that, on balance, the reports could be understood by the Legislature and the public.

7.52 However, many of the reports were not organized to tell the accountability story. While the main problem was that the annual reports did not include the complete story, in many of the reports the ordering of the story made it difficult to follow. These reports could be improved by using a structure which enhances the report's clarity and the reader's comprehension.

7.53 In addition, the tone of many of the reports was too technical, using terminology and a level of detail that was not appropriate for the prime audience. The reports also frequently used an inappropriate amount of bureaucratic language. This may be the result of directing the reports towards the needs of the special interest public or the ministry itself instead of to the prime audience.

Timing of Accountability Reporting

7.54 During our review we also considered the timeliness of ministry annual reports.

7.55 In recent years, ministries have followed the practice of making their annual reports available to members of the Legislature and to the public only after they have been

tabled in the Legislative Assembly. Because of the timing of the government's fiscal year-end and of the sittings of the Legislature, this practice has meant that ministry annual reports are not generally available until one to two years after the period covered by the reports. By then the information in the reports is of limited interest or value to the reports' users. When the reports finally become available, the next complete fiscal year has usually elapsed and the plans and resource allocations for a further fiscal year have been made. As a result, ministry annual reports serve primarily as historic records rather than as a means of holding the administration accountable for its use of the powers and public funds entrusted to it, or as a source of information on which future plans can be made or evaluated.

7.56 The Financial Administration Policy Manual issued by Treasury Board stipulates that the annual reports of ministries should be submitted not later than six months after the fiscal year-end. However the users of the reports have not had access to them on a timely basis and as a result the reports have not fulfilled their intended purpose. We therefore recommend that ministry annual reports be made available to the members of the Legislative Assembly and to the public as soon as is practicable, but not later than six months after the fiscal year-end.

Part 4

Public Bodies

Public Bodies

8.1 The *Auditor General Act* provides that I may be appointed auditor of a Crown corporation, Crown agency, or other public body. At 31 March 1984 I was the appointed auditor of 31 public bodies whose assets and expenditures totalled approximately $10.7 billion and $3.1 billion respectively. These public bodies are listed below and their financial statements are included in Volume III of the Public Accounts.

British Columbia Assessment Authority
British Columbia Educational Institutions Capital Financing Authority
British Columbia Harbours Board
British Columbia Health Care Research Foundation
British Columbia Heritage Trust
British Columbia Housing and Employment Development Financing Authority
British Columbia Institute of Technology
British Columbia Place Ltd.
British Columbia Power Commission Superannuation Fund
British Columbia Railway Company Pension Fund
British Columbia Regional Hospital Districts Financing Authority
British Columbia School Districts Capital Financing Authority
College Pension Fund
Creston Valley Wildlife Management Authority Trust Fund
Expo 86 Corporation
Health Facilities Association of British Columbia
Knowledge Network of the West Communications Authority
Legal Services Society
Medical Services Commission of British Columbia
Members of the Legislative Assembly Superannuation Account
Municipal Superannuation Fund
Pacific Vocational Institute
Provincial Capital Commission
Provincial Rental Housing Corporation
Public Service Superannuation Fund
Simon Fraser University
Teachers' Pension Fund
University of British Columbia
University of Victoria

Workers' Compensation Board of British Columbia
Workers' Compensation Board Superannuation Fund

8.2 The financial statements of the Liquor Distribution Branch are included in Volume III, but no separate audit opinion is given because its financial information is included in the Government's financial statements. The assets and expenditures of the Liquor Distribution Branch amount to approximately $61 million and $563 million respectively.

AUDITOR'S REPORTS

8.3 Upon completion of each audit I issue a report expressing my opinion as to whether the financial statements present fairly the financial position of the entity being audited. In most cases my report is issued without reservation, but under certain circumstances a qualified audit opinion may be required. My Report on the financial statements of the Workers' Compensation Board of British Columbia for the year ended 31 December 1984 was qualified and my Auditor's Report is reproduced below:

> I have examined the balance sheet of the Worker's Compensation Board as at 31 December 1984 and the statements of income and expense and unfunded liability, changes in fund liabilities, changes in special reserve balances and changes in financial position for the year then ended. My examination was made in acordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.
>
> In 1984, the Board added to the actuarially-determined accident fund liabilities a contingency margin of $42.8 million which has been charged as an expense in the statement of income and expense and unfunded liability. In my opinion, this amount should not have been charged as an expense against the Board's operations but instead recorded as a contingency appropriation and segregated on the balance sheet. Had this been done, the 1984 "net income applied to unfunded liability" would have been $42.8 million greater but the $314.9 million unfunded liability as at 31 December 1984 would not be affected.
>
> In my opinion, except for the treatment of the contingency margin described in the preceding paragraph, these financial statements present fairly the financial position of the Board as at 31 December 1984 and the results of its operations and the changes in its fund liabilities, special reserve balances and financial position for the year then ended in accordance with the stated accounting policies disclosed in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of valuing long-term investments as explained in note 2, on a basis consistent with that of the preceding year.

FINANCIAL STATEMENT DEADLINES

8.4 To facilitate the completion of the Public Accounts the Comptroller General has requested that financial statements for all public bodies included in Volume III be submitted to him by mid-July. This deadline has not been met by a number of the

public bodies for which I am the appointed auditor. I have advised senior officials of these public bodies of my concerns and urged them to complete their financial statements by the requested date.

AUDIT RECOMMENDATIONS TO MANAGEMENT

8.5 Although the principal objective of our audit of a public body is to express an opinion on its financial statements, we also advise management when we find instances where the systems of internal control are deficient, required procedures are not properly followed, or procedures could be improved.

8.6 My recommendations deal not only with improvements in financial control over assets, revenues and expenditures, and financial statement presentation, but also with such matters as organization, computer conversion, security and control, budgeting and reporting, contract administration, and administrative policy.

SUPERANNUATION COMMISSION ACCOUNTING

8.7 I continue to be concerned about the Superannuation Commission's accounting and financial operations. Last year I reported on:

- the inability of the accounting systems to deliver reliable and timely information;
- the inappropriateness of the organizational structure of the accounting activity;
- inadequate internal audit coverage; and
- the lack of definitive goals, objectives, policies and procedures for the administration of the accounting function.

8.8 For the year ended 31 March 1984 I was able to satisfy myself in all material respects with regard to the financial statements of the pension funds administered by the Commission. However, there was little improvement in the reliability and timeliness of financial information produced by the accounting systems. Three of the pension funds have regulatory deadlines for the presentation of the audited financial statements but two of these deadlines were missed. In addition, there were lengthy delays in the production of financial statements for some of the other funds.

8.9 The Commission has addressed certain of my concerns. In particular the reporting relationships among accounting personnel were restructured in late 1984 to increase the effectiveness of the financial function and to improve the timeliness of financial reporting. Also, a qualified accountant has recently been assigned to provide internal audit services.

8.10 The Commission has recognized that further improvement is required, and has taken steps to identify the corrective measures needed. I will continue to assess the effectiveness of these actions.

COMPREHENSIVE OR EXPANDED AUDIT ROLE IN PUBLIC BODIES

8.11 Because of the close relationship of most public bodies to the activities of Government, I consider the audit of public bodies a most important function of my Office. To date, these audits have been designed to allow me to attest to the fairness of presentation of the financial statements and to report instances of noncompliance with legislative requirements. However, with the experience gained by my Office in audits of efficiency and economy in government ministries, my Office could, if given the resources, offer enhanced service to the Legislative Assembly by providing assurance with respect to the management practices and operations of these public bodies. In addition, the public bodies would receive constructive recommendations to assist them in improving their operations.

8.12 The benefit of this type of auditing has been recognized by the Government of Canada. Its *Financial Administration Act* requires that audits of all public bodies be expanded to shed light on the extent to which the public bodies are meeting their objectives. Further, the legislation requires that special examinations be carried out at least once every five years to assess whether the operations of the public bodies are being conducted economically, efficiently and effectively. These special examinations are generally known in the public sector as comprehensive or value-for-money audits.

RELIANCE ON OTHER AUDITORS

8.13 I have relied on the work of various public accountants in expressing my opinion on the financial statements of the province. These public accountants are the auditors of those public bodies which I do not audit but whose statements are included in the Consolidated Financial Statements. These public bodies are listed in Appendix II. The listing includes one additional entity from the previous year, W.L.C. Developments Ltd.

8.14 Where I rely on other auditors, I take reasonable care to assure myself that such reliance is justified. In this regard I make certain direct enquiries of these other auditors, including confirmation that:

- they are independent from the public body for which they are appointed auditor;
- no events have occurred subsequent to the year end and the date of their auditor's report which might have a material effect upon the financial position or results of operations disclosed in the financial statements being consolidated; and

- there is nothing that they are aware of which would prevent me from relying on their auditors' reports when forming my opinion on the consolidated financial statements of the Government of British Columbia.

8.15 I appreciate the cooperation I have received from these public accountants.

8.16 The *Auditor General Act* allows me access to the records of account and administration of any public body, but for the year covered by this Report I have not found it necessary to use this section of the Act in any case where I am not the designated auditor.

AUDIT COMMITTEES

8.17 I am pleased that audit committees have been formed in a number of public bodies for which I am appointed auditor. An audit committee is formed by a Board of Directors from amongst its members. Responsibilities of audit committees vary, but always include the review of the annual financial statements and the auditor's report. Such committees provide an excellent channel of communication between the Board and the auditor, facilitating enquiries of the auditor on such matters as:

- the adequacy, completeness and appropriateness of the financial statements;
- the extent and results of the audit work;
- the adequacy of the entity's accounting systems and controls; and
- the effectiveness of the management of the financial and accounting function.

8.18 Meetings between the auditor and the audit committee also allow the auditor to raise matters that concern him for the Board's consideration.

8.19 I have found audit committees to be most effective, and therefore encourage the Boards of Directors of other public bodies to consider establishing them.

CONFLICT OF INTEREST GUIDELINES

8.20 I am pleased to note that over the last two or three years a number of public bodies of which I am the auditor have developed comprehensive policies and procedures to identify potential conflicts of interest and provide much needed guidance to both their staff and Boards of Directors in this most sensitive area. I therefore urge all public bodies which have not yet developed conflict of interest guidelines to do so at an early date.

Part 5

General Matters

General Matters

Organization and Administration of the Audit Office

INTRODUCTION

9.1 The year 1984 was a difficult period for the Office of the Auditor General. The Government's ongoing restraint program, albeit important in light of the economic situation in British Columbia, has severely constrained the Office's audit capabilities. In addition, certain Government compensation policies have had a serious impact on the Office.

STAFF RESOURCES

9.2 The staff complement of the Office remained unchanged during the year at 82. Of these, 48 were professional accountants, 26 were students pursuing courses of study leading to recognized accounting designations, and 8 were administrative staff.

9.3 While there has been no change in the number actually employed by the Office over the past 2 1/2 years, in fact a net reduction of the equivalent of 3 senior staff positions has taken place through the reduction of amounts provided in the budget for personal service contracts.

9.4 This limitation, taken in response to budget restraints imposed on the Office, has substantially reduced our capacity to examine and report on important matters beyond my mandatory audit responsibilities.

ADMINISTRATION

9.5 Employees of the Office of the Auditor General are, by legislation, exempt from the provisions of the Public Service Labour Relations Act. Accordingly, the terms and conditions of their employment are those applicable to "excluded" employees in the Public Service. Most excluded employees are paid by means of the Government's management compensation plan, which is designed primarily for senior level management positions.

9.6 As part of the Government's restraint program, all management salaries have been essentially frozen since 1 October 1981. Except for a 2% general adjustment for productivity in July 1984, no general salary adjustments have been made over the past 3½ years.

9.7 Since most of my staff are in professional and technical positions rather than senior management, the across-the-board application of management compensation rules has worked an unfair hardship. Comparisons with equivalent positions elsewhere in the Public Service indicate unfavourable salary differentials in the range of 10% to 20%. Salary levels for professional accountants in the private sector, where we compete for resources, are also significantly above those we are able to offer.

9.8 This inequity has seriously affected the morale of my staff, and has led to an extraordinarily high rate of staff turnover despite the difficult economic times. Only through the loyalty and dedication of staff who have stayed with the Office have I been able to meet my assigned audit responsibilities.

9.9 Without corrective measures in the area of salary administration, I can foresee greatly increased turnover costs and staffing problems, to the degree that the scope of work performed by my Office may eventually have to be curtailed. If anything, the role of my Office should be expanded to compensate for the fact that all ministries are operating under fiscal and other pressures which eventually increase the probability of errors and even improprieties. A strong legislative audit function is necessary to offset these inevitable side effects.

ORGANIZATION

9.10 The basic plan of organization established in late 1983 continues to serve the Office well. Audit Directors are responsible for the three audit divisions which carry out audit work in ministries and public bodies. Audit Directors also head up the comprehensive and computer audit groups. Planning and coordination of audit work on the Government's financial statements and on the audits of public bodies are the respective responsibilities of two Executive Directors, Gordon W. Dawson and Frank Barr. The Directors, Executive Directors, the Deputy Auditor General and I constitute the Executive Committee of the Office.

TRAINING AND RELATED PROFESSIONAL ACTIVITIES

9.11 Staff training is an ongoing activity vital to developing and maintaining the various skills necessary to carry out the mandate of the Office. The auditing profession continues to make significant advances through new approaches to auditing and improved auditing techniques. It is important that the staff of my Office retain their professional competence and remain abreast of current developments if they are to serve the Legislature in an effective and efficient manner.

9.12 The 26 staff in student-level positions are all enrolled in courses leading to professional accounting designations of the Institute of Chartered Accountants, the Certified General Accountants Association or the Society of Management Accountants. In addition, they attend in-house training courses and receive on-the-job instruction.

9.13 Professionally qualified staff attend both in-house and external courses. Emphasis is placed on developments in accounting, auditing, computer technology and management skills.

9.14 In addition to professional development through continuing education, several members of our staff serve with the organizations noted below whose objectives are closely related to the work of the Office.

Public Sector Accounting and Auditing Committee

9.15 Members of my staff continue to contribute to the work of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants. This Committee was established to improve and harmonize public sector financial reporting, accounting and auditing practices. Establishing generally accepted accounting principles and auditing standards for government is an evolutionary process building on widespread experimentation, practical experience and consensus. During the past year this Committee has also undertaken the task of developing standards for comprehensive auditing in Canada. My Office endorses and supports the work of this Committee.

Canadian Comprehensive Auditing Foundation

9.16 The Foundation was established to promote the concept of value-for-money audits of governments and publicly funded bodies. It serves as a focal point for collecting and communicating comprehensive auditing knowledge and experience, and offers extensive training courses in this developing audit field. My Office was a founding member of the Foundation and continues to actively participate in its activities. During the year the activities of the Foundation were more closely linked with those of the Canadian Institute of Chartered Accountants which continues to take an active interest in comprehensive auditing.

Canadian Conference of Legislative Auditors

9.17 The Canadian Conference of Legislative Auditors, an informal association of the auditors of the senior governments of Canada, has served since its inception in 1971 as a means of furthering the exchange of information important to those in the field of legislative auditing. The Conference held its twelfth annual meeting in Charlottetown, P.E.I. in July 1984.

9.18 Senior officials of the Public Accounts Committees of Canada, the provinces and the territories also held meetings in Charlottetown. A joint session of the two groups afforded a valuable opportunity for the exchange of views on a number of subjects of common interest.

9.19 It is noted with regret that Mr. John W. Minty, C.A., former Comptroller General of the Province of British Columbia and a founding member of this association, passed away in November 1984. Mr. Minty's contribution to the development of this organization is appreciated by his former associates.

Other Activities

9.20 Our staff remained active in professional affairs during the year. Several members of my staff continued to serve with the Institute of Chartered Accountants of British Columbia. Robert J. Hayward, the Deputy Auditor General, continued as a member of Council and he along with others from the Office served on various Institute committees. Several staff members also served with local professional associations.

Advisory Council

9.21 I wish to acknowledge the valuable contribution made by the following senior members of the accounting profession who have continued to serve on the Auditor General's Advisory Council during the past year:

Michael J. Ashby, F.C.A.

Arthur Beedle, F.C.A.

Dennis F. Culver, F.C.A.

Denham J. Kelsey, F.C.A.

Ronald W. Park, F.C.A.

It gives me pleasure to note that Mr. Ashby is serving this year as President of the Institute of Chartered Accountants of British Columbia.

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Appendices

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Appendix I

Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General

EXAMINATION OF ACCOUNTS

6. (1) The Auditor General shall examine in the manner he considers necessary the accounts and records of the government relating to the consolidated revenue fund and all public money, including trust and special funds under the management of the government, and to public property.

(2) Notwithstanding any other Act, the Auditor General

(a) shall be given access to the records of account and administration of any ministry; and

(b) may require and receive from any person in the public service, information, reports and explanations necessary for the performance of his duties.

REPORT ON FINANCIAL STATEMENTS

7. (1) The Auditor General shall report annually to the Legislative Assembly on the financial statements of the government, including those required by section 8(2) of the *Financial Administration Act*, respecting the fiscal year then ended.

(2) The report shall form part of the public accounts and shall state

(a) whether he has received all of the information and explanations he has required; and

(b) whether in his opinion, the financial statements present fairly the financial position, results of operations and changes in financial position of the government in accordance with the stated accounting policies and as to whether they are on a basis consistent with that of the preceding year.

(3) Where the report of the Auditor General does not contain the unqualified opinion required under this section, the Auditor General shall state the reasons why.

ANNUAL REPORT

8. (1) The Auditor General shall report annually to the Legislative Assembly on the work of his office and call attention to anything resulting from his examination that he considers should be brought to the attention of the Legislative Assembly including any case where he has observed that

(a) accounts have not been faithfully and properly kept or public money has not been fully accounted for;

(b) essential records have not been maintained;

(c) the rules, procedures or systems of internal control applied have been insufficient
  (i) to safeguard and protect the assets of the Crown;
  (ii) to secure an effective check on the assessment, collection and proper allocation of the revenue;
  (iii) to ensure that expenditures have been made only as authorized; or
  (iv) to ensure the accuracy and reliability of the accounting data; or
(d) public money has been expended for purposes other than for which it was appropriated by the Legislature.

(2) In the report the Auditor General may also include an assessment
(a) as to whether the financial statements of the government are prepared in accordance with the most appropriate basis of accounting for the purpose of fair presentation and disclosure; or
(b) as to whether any program being administered by a ministry is being administered economically and efficiently.

TRIVIAL MATTERS

9. The Auditor General need not report to the Legislative Assembly on any matter he considers immaterial or insignificant.

SUBMISSION OF ANNUAL REPORT

10. (1) A report of the Auditor General to the Legislative Assembly shall be submitted by him through the Minister of Finance.

(2) On receipt of a report of the Auditor General, the Minister of Finance shall lay the report before the Legislative Assembly as soon as possible.

(3) If the Minister of Finance does not lay the report before the Legislative Assembly on the first sitting day following the receipt of the report by him, the Auditor General shall transmit the report to the Speaker and the Speaker shall lay the report before the Legislative Assembly.

(4) On being laid before the Legislative Assembly, the annual report of the Auditor General shall be referred to the Public Accounts Committee of the Legislative Assembly.

SPECIAL REPORT

11. The Auditor General may at any time make a special report to the Legislative Assembly on a matter of primary importance or urgency that, in his opinion, should not be deferred until he makes his annual report.

OTHER REPORTS

12. The Auditor General may at any time make a report to the Minister of Finance, the Treasury Board, the Lieutenant Governor in Council, or any public officer on any matter that in the opinion of the Auditor General should be brought to his or their attention.

SPECIAL ASSIGNMENTS

13. The Auditor General may undertake special assignments at the request of the Lieutenant Governor in Council, but he is under no obligation to carry out any requested assignment if, in his opinion, it would interfere with his primary responsibilities.

STAFF IN MINISTRIES

14. (1) The Auditor General may station in any ministry a person employed in his office to enable him to more effectively carry out his duties, and the ministry shall provide the necessary office accommodation for a person so stationed.

(2) The Auditor General shall require every person employed in his office who is to examine the accounts or the administration of a ministry pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that ministry.

INQUIRY POWERS

15. The Auditor General may examine any person on oath on any matter pertaining to his responsiblities and for that examination the Auditor General has all the powers, protection and privileges of a commissioner under sections 12, 15 and 16 of the *Inquiry Act*.

PUBLIC BODIES

16. (1) Notwithstanding any other Act, where the Auditor General is not the auditor of a public body,

(a) the public body shall, on the request of the Auditor General, supply the Auditor General with a copy of all financial statements and reports relating to the public body;

(b) the auditor of the public body shall, on the request of the Auditor General, make available to the Auditor General, within a reasonable time, all working papers, reports and other documents in his possession relating to the public body; and

(c) the Auditor General may conduct examinations of the records and operations of the public body he considers necessary or advisable to carry out his duties under this Act.

(2) Notwithstanding any other Act, the Auditor General

(a) shall be given access to the records of account and administration of any public body; and

(b) may require and receive from any officer or employee of a public body information reports and information necessary for the performance of his duties.

ELIGIBILITY AS AUDITOR

17. Notwithstanding any other Act, the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation, Crown agency or public body.

TRANSFER OF AUDIT DUTIES

18. The Lieutenant Governor in Council may transfer to the Auditor General the duty imposed by any Act on the Comptroller General to conduct an audit.

Appendix II

Public Bodies, of Which the Auditor General was not the appointed Auditor, Whose Financial Statements are Included in Sections G and H of the Public Accounts

British Columbia Buildings Corporation

British Columbia Cellulose Company

British Columbia Development Corporation

British Columbia Ferry Corporation

British Columbia Housing Management Commission

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority Pension Fund

British Columbia Petroleum Corporation

British Columbia Railway Company

British Columbia Steamship Company (1975) Ltd.

British Columbia Systems Corporation

British Columbia Transit

Discovery Foundation

Housing Corporation of British Columbia

Insurance Corporation of British Columbia

Metro Transit Operating Company

Ocean Falls Corporation

Pacific Coach Lines Limited

Science Council of British Columbia and Secretariat on Science, Research and Development

Universities Council

W.L.C. Developments Ltd.

Appendix III
Sections B, C and D of the Public Accounts

The material which forms Appendix III is an excerpt from the Public Accounts of British Columbia for the fiscal year ended 31March 1984.

SECTION B

COMBINED GENERAL FUND AND SPECIAL FUNDS (CONSOLIDATED REVENUE FUND)

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COMBINED GENERAL FUND AND SPECIAL FUNDS (CONSOLIDATED REVENUE FUND)

PREAMBLE

The activities of the General Fund and Special Funds, comprising the transactions and balances of the Consolidated Revenue Fund, have been combined for reporting purposes. In these Combined Financial Statements, the transfers between the General Fund and the Special Funds have been eliminated, but General Fund figures have been reported separately in order to provide a comparison of actual General Fund revenues and expenditures to that presented in the 1983/84 Estimates of Revenue and Expenditure and to ensure the reporting of General Fund expenditures is consistent with legislative authority.

Revenue and expenditure are recorded in the Public Accounts on the accrual basis of accounting as expressed in note 1 to the combined financial statements.

REPORT OF THE AUDITOR GENERAL ON THE COMBINED FINANCIAL STATEMENTS INCLUDED IN THE PUBLIC ACCOUNTS OF THE PROVINCE OF BRITISH COLUMBIA

Province of British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia

I have examined the financial statements of the Combined General Fund and Special Funds (Consolidated Revenue Fund) of the Government of the Province of British Columbia for the fiscal year ended March 31, 1984 as presented in Section B of the Public Accounts, and the related supplementary schedules contained in sub-sections B20 through B54. These financial statements are:

Combined Balance Sheet
Combined Statement of Operating Results
Combined Statement of Changes in Cash and Temporary Investments

(including Notes to Combined Financial Statements)

With respect to the supplementary schedules, I did not examine and do not express an opinion on the figures reported in Combined General Fund and Special Funds Revenue by Sources (B20-21) and Expenditure by Function (B22-24) for the fiscal year ended March 31, 1980.

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these combined financial statements present fairly the financial position of the Government of the Province of British Columbia as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended on a combined basis in accordance with the stated accounting policies as set out in Note 1 to the combined financial statements applied on a basis consistent with that of the preceding year.

...2

I emphasize that this report is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately on other matters resulting from my examination that I consider should be brought to the attention of the Legislative Assembly. That report will be presented at a future date.

ERMA MORRISON, F.C.A.
Auditor General

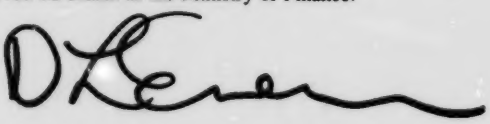
Victoria, British Columbia
31 August 1984

COMBINED BALANCE SHEET AS AT MARCH 31, 1984

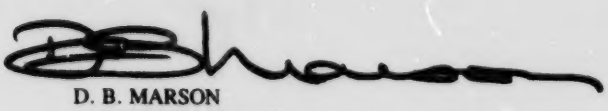
		1984	1983
ASSETS		$	$
Cash and temporary investments (note 2)		207,002,191	282,550,897
Accounts receivable (note 3)		743,130,299	614,830,089
Due from Crown corporations and agencies (note 4)		95,405,803	72,887,062
Mortgages receivable (note 5)		265,165,929	250,315,139
Prepaid program costs (note 6)		85,407,407	88,511,404
Inventories (note 7)		42,772,910	45,375,731
Investments in and advances to Crown corporations (note 8)		282,270,016	247,243,491
Fiscal Agency loans (note 9)		237,754,556	
Property under development (note 10)		53,419,774	64,502,224
Fixed assets (note 1)		1	1
Other assets (note 11)		305,165,550	325,743,746
		2,317,494,436	**1,991,959,784**
LIABILITIES			
Accounts payable and accrued liabilities (note 1)		640,645,376	467,197,472
Due to Crown corporations and agencies (note 12)		141,705,652	14,281,696
Deferred revenue (note 13)		184,793,322	91,271,490
Public debt for the purpose of (note 14)			
—Province of British Columbia	1,596,111,670		883,147,790
—Fiscal Agency borrowings	237,754,556	1,833,866,226	
		2,801,010,576	**1,455,898,448**
NET EQUITY			
Net equity — beginning of year		536,061,336	1,520,266,330
Net revenue (expenditure) for the year		(1,019,577,476)	(984,204,994)
Net equity (deficiency) — end of year		**(483,516,140)**	**536,061,336**
		2,317,494,436	**1,991,959,784**
CONTINGENCIES AND COMMITMENTS (note 15)			
Guaranteed Debt		**12,755,118,837**	**11,426,846,802**
TRUST FUNDS (section D)		**9,760,933,014**	**8,024,962,079**

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance:



D. L. EMERSON
Deputy Minister of Finance and Secretary of Treasury Board



D. B. MARSON
Comptroller General

COMBINED STATEMENT OF OPERATING RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Estimates 1984		1984 General Fund	1984 Special Funds	1984 Adjustments For Transfers Between General Fund and Special Funds[1]	1984 Total	1983 Total
$		$	$	$	$	$
	Revenue					
4,062,000,000	Taxation	4,063,450,775			4,063,450,775	3,869,668,544
527,000,000	Natural resources	677,267,349	678,687,779	(677,267,349)	678,687,779	542,550,619
466,000,000	Other	377,445,107	351,828,238	(251,364,058)	477,909,287	563,391,656
355,000,000	Contributions from Government enterprises	351,544,291			351,544,291	337,854,900
1,432,000,000	Contributions from the Federal Government	1,772,680,663			1,772,680,663	1,215,624,054
6,842,000,000	Total revenue	**7,242,368,185**	**1,030,516,017**	**(928,631,407)**	**7,344,272,795**	**6,529,089,773**
	Expenditure					
351,600,000	General government	346,141,168	1,729,605		347,870,773	342,089,886
368,500,000	Protection of persons and property	370,250,389			370,250,389	351,691,500
723,100,000	Transportation and communications	799,758,256			799,758,256	593,650,166
3,760,600,000	Health and social services	3,889,616,383			3,889,616,383	3,418,689,766
86,600,000	Recreation and cultural services	50,085,761	6,407,085		56,492,846	57,348,855
1,770,400,000	Education	1,750,570,394			1,750,570,394	1,668,572,801
485,500,000	Natural resources and primary industries	408,719,253	736,933,343	(709,110,830)	436,541,766	455,165,056
98,000,000	Trade and industrial development	57,628,945	6,061,253	(9,520,577)	54,169,621	57,504,908
80,700,000	Housing	87,304,073			87,304,073	120,496,342
307,200,000	Aid to local government	307,200,876	210,710,607	(210,000,000)	307,911,483	307,195,274
181,000,000	Interest on public debt	112,594,092			112,594,092	28,329,459
231,800,000	Other	94,008,354	56,761,841		150,770,195	112,560,754
8,445,000,000	Total expenditure	**8,273,877,944**	**1,018,603,734**	**(928,631,407)**	**8,363,850,271**	**7,513,294,767**
(1,603,000,000)	Net Revenue (Expenditure) for the Year	**(1,031,489,759)**	**11,912,283**		**(1,019,577,476)**	**(984,204,994)**

[1] Adjustments of $928,631,407 are composed of transfers to the Farm Income Assurance Fund—$31,843,481; Revenue Sharing Fund—$210,000,000; Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund—$9,520,577; General Fund (from the Resource Revenue Stabilization Fund)—$677,267,349.

The accompanying notes and supplementary schedules are an integral part of these financial statements.

COMBINED STATEMENT OF CHANGES IN CASH AND TEMPORARY INVESTMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984		1983	
	$		$	
Balance—Beginning of Year		282,550,897		832,054,246
Operating Transactions				
Revenue	7,344,272,795		6,529,089,773	
Expenditure	8,363,850,271		7,513,294,767	
Net expenditure	(1,019,577,476)		(984,204,994)	
Add: Non-cash items included in net revenue (expenditure)[1]	128,420,345		(154,462,773)	
Cash items applicable to future operations				
—Change in prepaid program costs	3,103,997		(54,292,577)	
—Change in deferred revenue	93,521,832		21,457,609	
	96,625,829		(32,834,968)	
Used for operations		(794,531,302)		(1,171,502,735)
Financing Transactions				
Receipts:				
Mortgage principal repayments	42,464,806		23,740,186	
Repayment of investments in and advances to Crown corporations	11,967,160		51,138,105	
Repayment of fiscal agency loans	104,413,450			
Property sales—net	34,259,828		1,504,528	
Repayments of other assets	194,981,006		15,321,778	
Debt issue	4,121,231,886		976,100,000	
	4,509,318,136		1,067,804,607	
Payments:				
Mortgages issued	57,315,596		89,901,563	
Investments in and advances to Crown corporations	22,758,300		25,127,048	
Property purchases	23,177,378			
Fiscal agency loans	342,168,006			
Investments in other assets	174,402,810		54,676,610	
Debt retirement	3,170,513,450		276,100,000	
	3,790,335,540		445,805,221	
Derived from financing transactions		718,982,596		621,999,386
Decrease in Cash and Temporary Investments		(75,548,706)		(549,503,349)
Balance—End of Year		207,002,191		282,550,897

This statement shows how the activities of the Province have been financed including:
—the extent to which funds have been generated from operating transactions (being those activities which affect operating results) and financing transactions (being those activities which affect assets and liabilities but not the operating results);
—how the financial resources of the Province have been used; and,
—the effects of these activities on the liquid funds (being cash and temporary investments) of the Province.

[1]Non-Cash Items Included in Net Revenue (Expenditure):

Change in accounts receivable	(128,300,210)	(179,147,116)
Change in due from Crown corporations	(22,518,741)	24,298,812
Change in inventories	2,602,821	(7,265,146)
Change in accounts payable and due to Crown corporations	300,871,860	7,650,677
Change in investments in and advances to Crown corporations—shares	(24,235,385)	
	128,420,345	(154,462,773)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

1. Significant Accounting Policies

(a) Reporting Entity

These financial statements include the transactions and balances of the General Fund and Special Funds which combined are known as the Consolidated Revenue Fund. They do not include the accounts of Crown corporations, except to the extent of investments or advances which are carried at the lower of cost or underlying net book values. Separate consolidated financial statements of the Province are prepared which include the activities of certain of these entities. (*See* Section C.)

For purposes of these financial statements the accounts of the Province are presented as one Consolidated Revenue Fund, which is comprised of:

- General Fund—it includes all transactions of the Government not otherwise earmarked by legislative action, including the accounts of the British Columbia Liquor Distribution Branch, the Queen's Printer and the Purchasing Commission; and
- Special Funds—these are comprised of all amounts set aside from the General Fund by special disposition of the Legislature for specific purposes.

Trust Funds—in addition, the combined balance sheet discloses, on a memorandum basis, trust funds administered by the Government but over which it has no power of appropriation including trust deposits, sinking funds, certain assurance funds and superannuation funds. (*See* Section D for details.)

(b) Principles of Combination

The accounts of the General Fund are combined with the Special Funds after adjusting them to conform with the accounting policies as described below. General Fund expenditures are recorded in accordance with legislative authority. Inter-fund revenue and expenditure transactions are not eliminated from the General Fund accounts (detailed in Section B), but they are eliminated upon combination.

(c) Basis of Accounting

The accrual basis of accounting is used which, for these combined financial statements, is specifically expressed as follows:

Revenue:

All revenues are recorded on an accrual basis except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable. The exceptions, which normally relate to certain payments to the Province under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*, are recorded on a cash basis.

Expenditure:

All expenditures, including the cost of fixed assets, are recorded for goods received and services rendered during the year. Accumulated employee sick leave, vacation and other entitlements are recorded as expenditures in the accounts when paid. With this exception, expenditures are recorded on an accrual basis.

Grants are recorded as expenditures. Conditional or fee for service types of grants are expensed when the goods or services have been received or when conditions of a contract have been fulfilled. Unconditional grants, which do not require fulfillment of any terms of a contract before payment, are expensed at the time the funds are disbursed.

Recoveries of expenditure may be permitted as a credit to the appropriate expenditure account when:

(i) they can be specifically identified with the expenditure transactions and payment has actually been made from an appropriation;
(ii) they have been properly disclosed in the *Estimates* or Treasury Board approval has been given; and
(iii) the expenditure to which they relate was incurred in the same fiscal year.

Assets:

All assets are recorded to the extent that they represent claims upon outside parties or items held for resale to outside parties as a result of events and transactions prior to the year-end. Rental payments for leases which transfer the benefits and risks incident to the ownership of certain assets are reported as expenditures at the dates of inception of the leases.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

1. Significant Accounting Policies—Continued

Liabilities:

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end unless hedged by forward contracts which specify the rate of exchange. Foreign currency transactions are translated to Canadian dollars at the exchange rate prevailing at the date of the transaction. Adjustments arising as a result of foreign currency translation are charged or credited to expenditure at the time the adjustments arise.

(d) Specific Policies

Cash and Temporary Investments

Cash balances are shown after deducting outstanding cheques issued prior to the year-end. Those issued subsequent to the year-end relating to the previous year are included with accounts payable.

Temporary investments represent short-term investments, including those in Crown corporations, made to obtain a return on a temporary basis.

Temporary investments are recorded at the lower of cost or market value.

Accounts Receivable

All amounts receivable at the year-end for work performed, goods supplied or services rendered are recorded as part of the revenue of the fiscal year. Provision is made where collectibility is considered doubtful.

Due From Crown Corporations and Agencies

Amounts due from Crown corporations and agencies represent advances which will be realized in the following year. Provision is made where collectibility is considered doubtful.

Mortgages Receivable

Mortgages receivable are secured by real estate and are repayable over periods ranging up to thirty years. Provision is made where collectibility is considered doubtful.

Prepaid Program Costs

Prepaid program costs represent expenditures made during the fiscal year for work to be performed, goods to be supplied, services to be rendered or contractual obligations to be fulfilled by outside parties in a subsequent fiscal year.

Inventories

Inventories comprise items held for resale and are recorded at the lower of cost or net realizable value. Inventories of supplies are charged to the respective programs when the cost is incurred.

Investments in and Advances to Crown Corporations

Investments in and advances to Crown corporations represent long-term investments and are recorded at cost unless significant prolonged impairment in value has occurred since the acquisition date, in which case they are written down to recognize this loss in value.

Fiscal Agency Loans

Fiscal Agency loans represent borrowings by the Province on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chap. 15). These loans are recorded at maturity value less unamortized discount.

Property Under Development

Property under development is comprised of all property which will eventually be sold to outside parties. Such property is recorded at the lower of cost or net realizable value.

Fixed Assets

Disbursements for fixed assets are recorded as expenditures in the year the assets are received. Consistent with the reporting of fixed assets as expenditures, highways, bridges, wharves, ferries and ferry landings, buildings, office equipment, furniture, automobiles and 76 million hectares (293,000 square miles) of Crown land comprised of parks, forests and all other publicly held land in the Province are recorded at a nominal value of $1.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

1. Significant Accounting Policies—Continued

Other Assets

Other assets include loans, investments and advances of a miscellaneous nature which are recorded at cost after adjustment for any prolonged impairment in value. Certain deferred charges are also included.

Accounts Payable and Accrued Liabilities

All amounts payable for work performed, goods supplied, services known to have been rendered or for charges incurred in accordance with the terms of a contract are recorded as part of the expenditure of the fiscal year.

Due to Crown Corporations and Agencies

Amounts due to Crown corporations and agencies represent liabilities incurred which are repayable in the following year.

Deferred Revenue

Deferred revenue represents amounts received prior to the year-end in payment of revenue that will be earned in subsequent fiscal years.

Public Debt

Public debt represents direct debt obligations on behalf of the Province of British Columbia and government bodies.

Guaranteed Debt

Guaranteed debt represents debt of municipalities and other local governments, Provincial Crown corporations, agencies and private enterprises explicitly guaranteed by the Province under the authority of a statute as to net principal and accrued interest outstanding.

2. Cash and Temporary Investments

	1984	1983
Cash	$	$
Cash (overdrawn) at chartered banks in Canada	(67,547,521)	(353,088)
Cash in banks in England	72,739	62,180
Cash (overdrawn) at banks in United States	(227,154)	(148,876)
Cash on hand	5,412	4,461
	(67,696,524)	(435,323)
Temporary investments	423,467,384	426,388,136
	355,770,860	425,952,813
Less amounts applicable to Trust Funds (*see* Section D)	(148,768,669)	(143,401,916)
	207,002,191	282,550,897

Other than statutory requirements or administrative policies which specifically provide for the maintenance of separate bank accounts, the Government's cash balances and temporary investments are all held in General Fund bank and investment accounts. At year-end, balances applicable to trust funds outside the Consolidated Revenue Fund are deducted from the General Fund balance and reported in the trust fund accounts.

Included in temporary investments are bonds and notes of certain Crown corporations amounting to $18,403,086 (1983: $77,061,279).

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

3. Accounts Receivable

	1984			1983
	Gross	Provision For Doubtful Accounts	Net	Net
	$	$	$	$
Government of Canada	151,778,079		151,778,079	36,746,297
British Columbia municipalities—re: shared-cost programs	31,428,001		31,428,001	31,452,207
Taxes receivable	243,692,018	18,269,803	225,422,215	199,267,254
Timber royalty and stumpage and range fees	53,923,706	6,692,639	47,231,067	43,005,413
School districts, library districts, improvement districts, water districts, co-operative associations, local areas and other	189,455,176		189,455,176	193,444,050
Ministerial advances and sundry agencies	4,009,094		4,009,094	3,928,265
Trade accounts and other receivables of the—				
Crown Land	6,157,012	4,627,180	1,529,832	1,578,836
British Columbia Liquor Distribution Branch	1,134,257		1,134,257	586,537
Queen's Printer	131,240		131,240	208,827
Lottery Fund	9,363,698		9,363,698	8,100,431
Farm Income Assurance Fund	14,112,342		14,112,342	22,096,749
University Endowment Lands Administration	90,432		90,432	
First Citizens Fund	5,210		5,210	
Accrued interest receivable	13,159,899	66,802	13,093,097	11,743,546
Land sales—principal	3,356,853		3,356,853	4,659,831
Water rentals and recording fees	1,009,832	24,791	985,041	510,368
Court fees	8,083,953	3,780,477	4,303,476	4,192,040
Sundry fees	28,298,823	4,506,155	23,792,668	18,805,193
Recoveries from Crown corporations	11,671,910		11,671,910	26,860,423
Financial Administration Act, Sec. 22	10,236,611		10,236,611	7,643,822
	781,098,146	37,967,847	743,130,299	614,830,089

4. Due From Crown Corporations and Agencies

	1984	1983
	$	$
British Columbia Buildings Corporation	11,011,976	11,024,146
British Columbia Petroleum Corporation	82,891,827	60,360,916
Workers' Compensation Board of British Columbia	1,502,000	1,502,000
	95,405,803	72,887,062

5. Mortgages Receivable

	1984	1983
	$	$
Crown Land—first mortgages, fully secured, with terms of up to 30 years and interest rates varying from 4% to 22¼%.	39,210,300	36,017,100
Provincial Home Acquisition—first and second mortgages pursuant to the *Provincial Home Acquisition Act* and the *Home Conversion and Leasehold Loan Act*, fully secured, with terms of up to 25 years and interest rates varying from 8¼% to 15% (net of provision for doubtful recoveries of $2,000,000; 1983 $500,000)	225,955,629	214,298,039
	265,165,929	250,315,139

6. Prepaid Program Costs

	1984	1983
	$	$
Hospital Insurance Act		23,333,800
Guaranteed Available Income for Need Act	62,743,055	56,831,444
Medical Services Commission of B.C.	13,361,861	
Other	9,302,491	8,346,160
	85,407,407	88,511,404

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

7. Inventories

	1984	1983
	$	$
British Columbia Liquor Distribution Branch	37,244,846	39,893,813
Ministry of Education	707,721	275,716
Ministry of Environment	519,080	539,517
Ministry of Finance	2,425,820	2,425,820
Ministry of Health	1,020,312	1,196,036
Ministry of Labour	198,141	164,643
Ministry of Municipal Affairs	2,745	1,500
Ministry of Provincial Secretary and Government Services	654,245	858,686
	42,772,910	45,375,731

8. Investments in and Advances to Crown Corporations

	1984			1983
	Shares and Other Investments	Advances	Total	Total
	$	$	$	$
British Columbia Buildings Corporation		69,654,765	69,654,765	80,764,108
British Columbia Cellulose Company	2		2	2
British Columbia Development Corporation	54,618,300	20,920,000	75,538,300	57,981,000
British Columbia Ferry Corporation	6,851,185		6,851,185	5,849,700
British Columbia Hydro and Power Authority	8,073,595		8,073,595	8,070,096
British Columbia Railway Company	37,350,601		37,350,601	10,235,001
British Columbia Steamship Company (1975) Ltd.	5		5	5
British Columbia Transit		55,000,000	55,000,000	55,000,000
Housing Corporation of British Columbia	1		1	1
Pacific Coach Lines Ltd.	2		2	2
Provincial Rental Housing Corporation	633,512	29,168,046	29,801,558	29,343,574
Surrey Farm Products Investments Limited	1		1	1
W.L.C. Developments Ltd.	1		1	1
	107,527,205	174,742,811	282,270,016	247,243,491

(a) Recorded Investments

The above amounts are the Province's recorded investments in and advances to Crown corporations. The entire issued capital stock for each of the above recorded investments is owned by the Province. In addition, a number of other Crown corporations and agencies exist in which the Province has no recorded investment.

(b) British Columbia Cellulose Company

During the year ended March 31, 1984 the Legislature passed the *British Columbia Cellulose Company Repeal Act*. The purpose of this Act is to dissolve British Columbia Cellulose Company and transfer all properties and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(c) British Columbia Harbours Board

During the year ended March 31, 1984 the Legislature passed the *British Columbia Harbours Board Repeal Act*. The purpose of this Act was to dissolve the British Columbia Harbours Board and to provide for the transfer of its assets to the British Columbia Development Corporation and the British Columbia Railway Company.

Section 3 of the Act, which provides for the dissolution of the Board, will come into force by regulation of the Lieutenant Governor in Council.

Sections 4 and 5 of the Act, which provide for the transfer of assets and liabilities of the Board to the British Columbia Development Corporation and the British Columbia Railway Company, came into force October 31, 1983 by Order in Council. The Order fixed the date of the transfer as October 31, 1983, and established the value of the assets and liabilities to be transferred as that determined by applying the accounting principles used to produce the audited financial statements of the Board for the year ended March 31, 1983.

The Province received for the net assets transferred consideration of 111,156 shares at a par value of $100 per share of British Columbia Railway Company and 121,183 shares at a par value of $100 per share of British Columbia Development Corporation.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

8. Investments in and Advances to Crown Corporations—Continued

(d) British Columbia Railway Company

The Province holds the entire issued share capital of the British Columbia Railway Company (the Railway) and, pursuant to the *British Columbia Railway Finance Act* (formerly the *British Columbia Railway Construction Loan Act*), guarantees the payment of the principal and interest on all monies borrowed by the Railway. The historic cost of the shares was $257,688,500 and the amount of the debt (net of sinking funds) guaranteed by the Province was $1,016,407,406 at March 31, 1984.

During the year ended March 31, 1980, the Province's investment, which amounted to $185,572,900, was written down to one dollar and an additional investment of $45 million made in March, 1982 was written off because of the cumulative deficit of the Railway.

During the year ended March 31, 1984, 160,000 shares in the Railway were acquired by the Province at a cost of $16,000,000 in cash and a further 111,156 shares were acquired at a par value of $100 each in exchange for the net railway assets of the British Columbia Harbours Board (*see* Note 8 (c)). In view of the net equity position of the Railway at the time of issue of these shares, their cost is recorded as an asset of the Province.

During the year ended March 31, 1984 the Government provided $70 million to the Railway to be applied against its historic debt service charges for its fiscal year ended December 30, 1983. (*See* Note 18 regarding the debt restructuring of the Railway.)

(e) British Columbia Transit

The British Columbia Transit advance represents an interest free promissory note with a principal balance of $55,000,000. This note does not become due and payable until any Rail Transit System constructed or acquired by British Columbia Transit enters into revenue service operation.

(f) Housing Corporation of British Columbia

The operations of the Corporation are in the process of voluntary liquidation and the investment of $6,699,760 at March 31, 1980 has been recovered. Pending dissolution the investment is carried at a nominal value of $1.

(g) Ocean Falls Corporation

The Province, through Ocean Falls Corporation (the Corporation), is the owner of the newsprint mill and townsite at Ocean Falls, which were acquired in 1973 for a payment of $789,952. In subsequent years, the Province made additional advances to the Corporation which, together with accrued interest, approximated $12 million at March 31, 1980. Because of continuing losses incurred by the Corporation, both the investment and advance were fully provided for in the 1979/80 Public Accounts and written off by Order in Council in the 1980/81 fiscal year.

During the year ended March 31, 1984 the Government provided $36 million to be applied against the bank indebtedness of the Corporation. Excluding the debt to the Province that has been forgiven, the Corporation had outstanding obligations of approximately $4 million at March 31, 1984. No provision has been made in these financial statements for the existing liabilities of the Corporation.

During the year ended March 31, 1984 the Legislature passed the *Ocean Falls Repeal Act*. The purpose of this Act is to dissolve the Ocean Falls Corporation and to transfer its property and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(h) Pacific Coach Lines Ltd.

In the July 7, 1983 Provincial Budget the Honourable Hugh Curtis, Minister of Finance, announced that the Government intended to give the private sector the opportunity to take over functions and activities not appropriate to Government. On March 31, 1984 the operations of Pacific Coach Lines Ltd. ceased and wind-up of the company is currently in process.

9. Fiscal Agency Loans

	1984		
	Short-Term Promissory Notes	Long-Term Borrowings	Total
	$	$	$
British Columbia Assessment Authority	3,578,940		3,578,940
British Columbia Buildings Corporation	69,943,921		69,943,921
British Columbia Place Ltd.	23,827,560	10,000,000	33,827,560
British Columbia Transit		86,500,000	86,500,000
Expo '86 Corporation	43,904,135		43,904,135
	141,254,556	96,500,000	237,754,556

Fiscal Agency loans represent borrowings by the Province on behalf of government bodies in accordance with section 41 of the *Financial Administration Act*, which was brought into force in October 1983. The related borrowings information is included in Note 14 on page B 17 and the Schedule of Public Debt on pages B 42 to B 47.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

10. Property Under Development

	1984	1983
	$	$
Crown Land—real estate	53,419,774	64,502,224

11. Other Assets

	1984	1983
	$	$
Investments—		
British Columbia Regional Hospital Districts Financing Authority	12,000,000	12,000,000
British Columbia School Districts Capital Financing Authority	44,075,786	44,071,501
British Columbia Resources Investment Corporation	1,823	1,823
British Columbia Housing and Employment Development Financing Authority		935,838
Loans under the—		
Farm Product Industry Act	1,761,276	1,770,276
Ministry of Industry and Small Business Development Act	69,590,787	61,374,665
Agricultural Land Development Act	18,798,331	19,395,812
Oyster Seed Program	10,567	27,401
Advances—		
City of Penticton	150,000	150,000
University Endowment Lands		4,184,887
British Columbia Central Credit Union under Housing Initiative Program Agreement	96,342,805	172,215,965
Homeowner Assistance Act	73,866,207	39,198,096
Agricultural Land Commission Act	672,952	641,775
Unamortized discount and issue costs on Public Debt	3,784,994	8,720,920
Other	426,959	
	321,482,487	364,688,959
Less provision for doubtful accounts	(16,316,937)	(38,945,213)
	305,165,550	325,743,746

The provision for doubtful accounts is comprised of—*Farm Products Industry Act* ($1,099,999), *Ministry of Industry and Small Business Development Act* ($14,153,524), *Homeowner Assistance Act* ($1,039,742) and Other ($23,672).

12. Due To Crown Corporations and Agencies

	1984	1983
	$	$
British Columbia Assessment Authority	256,980	20,470
British Columbia Development Corporation	732,324	927,000
British Columbia Housing Management Commission		197,696
British Columbia Hydro and Power Authority	500,000	
British Columbia Institute of Technology	1,478,407	
British Columbia Petroleum Corporation		510,583
British Columbia Transit	1,005,000	
Health Facilities Association of British Columbia		1,255,110
Insurance Corporation of British Columbia		3,896,893
Legal Services Society		1,900,000
Medical Services Commission of B.C.	130,300,873	
Pacific Vocational Institute	851,743	
Simon Fraser University	1,604,594	1,276,191
University of British Columbia	3,996,736	3,330,684
University of British Columbia Health Sciences Centre		26,473
University of Victoria	978,995	940,596
	141,705,652	14,281,696

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

13. Deferred Revenue

	1984	1983
	$	$
Taxation—Property tax		6,288,520
Natural Resources Revenue		
Minerals—permits and fees	26,991,000	19,041,000
Water resources—water rentals and recording fees	46,949,385	43,934,002
Timber harvesting, rentals and fees	5,413,518	5,148,615
Forest Protection Agreement	334,535	538,831
Other Revenue		
Licence Revenue[1]	71,138,000	
Beautiful British Columbia Magazine		1,073,250
Land leases	4,253,164	2,963,212
Land sales	3,207,713	
Miscellaneous sales and services	3,100,531	1,083,399
Contributions From the Federal Government		
Canada Assistance Plan	23,405,476	7,712,328
Other Shared Cost Programs		2,888,333
	184,793,322	91,271,490

[1] Deferred motor vehicle licencing revenue represents amounts received prior to the fiscal year-end that will be earned in a subsequent fiscal year. Prior to this deferral, revenue generated from the sale of motor vehicle licences and permits amounted to $110,965,653 for the year ended 31 March 1984. (*See* page B 29 for licence revenue detail.)

14. Public Debt

	1984	1983
	$	$
For the Purpose of the Province of British Columbia		
Short term promissory notes payable in U.S. funds, maturing at various dates to April 4, 1984 at an annual average interest rate of 10.2514%	95,737,500	
91-day Treasury Bills, issued at an annual average interest cost of 9.93%	780,000,000	700,000,000
10.25% notes payable, interest payable semi-annually, due December 16, 1985	200,000,000	
11.375% bonds payable, interest payable semi-annually, due March 31, 1988	26,100,000	26,100,000
9.125% bonds payable, interest payable semi-annually, $26,100,000 payable annually, due May 1, 1988	130,947,790	157,047,790
11.5% notes payable, interest payable semi-annually, due August 23, 1988	100,000,000	
12.0% bonds payable, interest payable semi-annually, due October 20, 1993	150,000,000	
12.0% bonds payable, interest payable annually, due December 9, 1993	125,000,000	
	1,607,785,290	883,147,790
Less Unamortized Discount[1]	11,673,620	
	1,596,111,670	883,147,790
Fiscal Agency Borrowings		
Short term promissory notes payable in U.S. funds, maturing at various dates to May 8, 1984 at an average interest rate of 9.93% for an average term of 32 days	141,900,201	
12.25% note payable, interest payable annually, annual instalments of $2,400,000 payable January 31, 1991 to January 31, 1995, due January 31, 1996	24,000,000	
11.125% bond payable, interest payable annually, due December 1, 1998	50,000,000	
11.65% debenture, interest payable semi-annually, sinking fund instalments of $218,520 payable annually, due November 10, 2003	10,000,000	
8.75% bonds payable, interest payable annually, due January 15, 2009	25,000,000	
	250,900,201	
Less Unamortized Discount	13,145,645	
	237,754,556	
TOTAL PUBLIC DEBT	1,833,866,226	883,147,790

See Schedule of Public Debt on B 42 for further details.

[1] A corresponding amount of $8,720,920 for 1983 was included with other assets in note 11.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

15. Contingencies and Commitments

(a) Guaranteed Debt

Guaranteed debt as at March 31, 1984 totalled $12,755 million. Included in guaranteed debt is the debt of municipalities and other local governments, Provincial Crown corporations and private enterprises explicitly guaranteed by the Province under the authority of a statute as to net principal and accrued interest outstanding. See Schedule of Guaranteed Debt on B 40 for details.

(b) Contingent Liabilities

The Government has various contingent liabilities outstanding in the form of litigation, indemnities, indirect guarantees and outstanding claims. Because such amounts are uncertain, no liability has been recorded in these financial statements.

(c) Commitments

General

At the end of each year the Government has a number of general commitments outstanding for ongoing programs and operations. Such future expenditures are charged to the appropriation in the year in which the work or service is performed. These include a liability for credits frozen under the Government's former sick leave plan which is estimated at a maximum of $67 million and for unused vacation and other leave entitlements of $40 million. Commitments for capital construction projects totalled approximately $108 million, and commitments of a non-capital nature totalled approximately $114 million.

British Columbia Railway Company—Tumbler Ridge Branch Line

In 1981 the British Columbia Railway Company (the Railway) began construction of the 129 kilometre Tumbler Ridge Branch Line to the coal fields located in northeast British Columbia. It was the intent of the Province to ensure the Railway fully recovered both the project's construction and financing costs related to this project. The Province has provided $61 million share capital to the Railway since inception of this project to reimburse the Railway for capitalized interest incurred and contribute to construction costs.

During fiscal 1983/84, by agreement, the Province assigned to the Railway the Province's rights to certain freight related revenues generated by this project. In return, the Railway assumed all responsibility for the construction and financing costs associated with the Tumbler Ridge Branch Line, thereby ending any future commitment by the Province in connection with the construction, financing and operating costs of the Tumbler Ridge Branch Line (*see* note 18).

(d) Superannuation and Pension Actuarial Valuations

The Government has statutory responsibility for unfunded liabilities of the Public Service Superannuation Fund and the Teachers' Pension Fund as follows:

	Public Service Superannuation as at March 31, 1980[1]	Teachers' Pension as at December 31, 1980[1]
	$	$
Assets		
Fund	1,069,594,000	716,697,000
Present value of future contributions	1,071,750,000	1,805,273,000
	2,141,344,000	2,521,970,000
Unfunded Liability	631,172,000	1,019,270,000
Total Actuarial Liability	2,772,516,000	3,541,240,000

See Section H of the Public Accounts for further details of these plans.

[1]New actuarial valuations are currently in process.

16. Workers' Compensation Board of British Columbia—Unfunded Liability

The Workers' Compensation Board of British Columbia, established under the *Workers Compensation Act*, delivers compensation and preventive medical services, sets and controls working conditions throughout the Province and provides education and rehabilitation services to injured employees. The Board funds its operations from assessments on businesses throughout the Province.

The Board is required in each year to provide capitalized reserves under the Accident and Silicosis Funds sufficient to meet payments of compensation accruing in future years in respect of all injuries occurring during the year. Provisions have proven to be insufficient and at December 31, 1983 cumulative actuarial liabilities exceeded the funded balances by approximately $434 million (1982: $504 million).

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

17. Fiscal Stabilization Program

During the year the Government made a claim in respect of the 1982/83 fiscal year against the Federal Government under Part II of the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*. This Part provides authority for payments to be made by the Federal Government to a province in respect of any year in which the province's revenues from its own sources decline from the level of the previous year by an amount in excess of the levels defined by the Act and Regulations. On March 29, 1984, the Federal Government made an interim payment of $80 million to the Province. A further $59 million has been accrued for the estimated amount owing. Final settlement to the Province must be made no later than May 31, 1985.

18. Subsequent Events

British Columbia Railway Company

On June 15, 1984, the Province of British Columbia paid from the Resource Revenue Stabilization Fund to the British Columbia Railway Company (the Railway) $407,642,191 (Canadian) and $17,177,060 (U.S.) to enable the Railway to fully fund its historic debt. These amounts when added to existing sinking fund balances, permitted the Railway to fund each debt issue on a full and irrevocable basis. The Trustee of the sinking funds used the entire amounts in the sinking funds to purchase promissory notes issued by the Province in the amount of $690,827,000 (Canadian) and $25,747,000 (U.S.). The payment terms and conditions of the promissory notes are sufficient to pay in full all future amounts payable under the terms of the debt issues comprising the historic debt.

In June, 1984 BC Rail Ltd. issued, through Canadian stock exchanges, eight million Series A Preferred Shares at a price of $25 per share. The common shares of BC Rail Ltd. are owned as to 25% by British Columbia Railway Company and as to 75% by BCR Properties Ltd., which is 100% owned by British Columbia Railway Company.

The proceeds of $200 million from the sale of these shares were used by BC Rail Ltd. as part payment for the purchase of the railway assets from British Columbia Railway Company, which in turn, applied the $200 million to reduce its notes payable. These notes had been issued as interim financing in connection with the costs of construction of the 129 kilometre Tumbler Ridge Branch Line (*see* note 15 (c)).

The Province has agreed to pay to a trustee for distribution to holders of Series A Preferred Shares an amount equal to any dividend, retraction, redemption or liquidation payment specified or provided for in the share provisions attaching to the Series A Preferred Shares which is not made by BC Rail.

British Columbia Systems Corporation

On August 31, 1983 the Government announced plans to offer all or part of British Columbia Systems Corporation (the Corporation) for sale to the private sector. Subsequent to March 31, 1984 the Government announced its decision to reject all bids for the Corporation. The Government also announced its plans to streamline the Corporation and to privatize part of the Corporation's services.

19. Comparatives

Certain of the comparative figures for the year ended March 31, 1983 have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS REVENUE BY SOURCES FOR THE FISCAL YEARS ENDED MARCH 31

	1980	1981	1982	1983	1984
	$	$	$	$	$
Taxation Revenue—	(unaudited)				
Personal income	1,215,963,618	1,369,211,996	1,848,153,074	2,008,152,085	1,818,815,006
Corporation income	434,676,109	456,608,866	579,997,631	188,550,277	309,470,082
Social service	655,502,747	757,974,947	1,129,542,193	999,449,345	1,201,338,425
Gasoline	191,829,815	202,536,160	331,657,359	348,718,971	370,554,377
Motive fuel use	25,762,109	28,983,775	39,729,670	40,254,002	50,513,372
Fuel oil	2,197,075	16,763			
Tobacco	66,837,073	74,654,794	102,883,691	109,109,479	138,450,501
Corporation capital	47,262,823	52,676,696	89,779,068	83,833,538	85,782,350
Property (rural areas)	23,949,797	25,961,274	43,437,585	40,745,157	36,789,104
Insurance premium	15,791,601	17,484,993	20,210,237	21,141,440	20,920,174
Hotel room	12,306,581	15,487,945	23,672,817	22,550,007	23,215,930
Horse racing	8,443,861	6,035,987	7,618,292	7,164,243	7,701,216
Succession and gift	859,385	936,688	14,216		(99,762)
Total Taxation Revenue	**2,701,382,594**	**3,008,570,884**	**4,216,695,833**	**3,869,668,544**	**4,063,450,775**
Natural Resource Revenue—					
Minerals—					
Petroleum and natural gas—					
British Columbia Petroleum Corporation	309,644,218	208,326,333	219,922,383	96,048,923	166,230,913
Permits and fees	229,784,585	156,459,474	69,793,298	49,253,175	70,380,793
Royalties	48,055,392	50,896,824	67,164,102	83,523,655	96,652,028
Revenue from other minerals	69,504,443	119,593,185	62,454,453	32,454,641	31,616,719
	656,988,638	535,275,816	419,334,236	261,280,394	364,880,453
Forests—					
Logging tax	44,056,735	45,556,100	12,276,852	2,074,182	956,421
Timber sales	561,705,030	233,525,954	78,442,028	64,700,259	103,833,898
Forest scaling fees	11,807,788	9,085,999	7,337,736	5,738,935	8,941,426
Other forest revenue	26,670,430	12,122,787	8,666,143	10,391,964	17,163,860
	644,239,983	300,290,840	106,722,759	82,905,340	130,895,605
Water resources	22,366,439	20,157,482	64,990,853	187,429,850	171,995,181
Wildlife Act—fees and licences	6,267,798	6,214,134	6,555,038	10,935,035	10,916,540
Total Natural Resource Revenue	**1,329,862,858**	**861,938,272**	**597,602,886**	**542,550,619**	**678,687,779**
Other Revenue—					
Sales and services—					
Farm income assurance	7,435,622	8,939,518	43,305,107	28,338,001	31,843,481
Lottery	16,049,465	25,424,417	25,913,997	28,137,960	60,021,992
Land registry fees	33,376,187	36,399,084	31,161,375	27,056,219	31,035,564
Land leases, rentals and fees		9,518,087	8,104,305	17,119,741	12,448,413
Other	50,040,627	45,560,825	69,379,676	49,704,795	48,374,414
	106,901,901	125,841,931	178,364,460	150,356,716	183,723,864
Licences and permits—					
Motor vehicle licences and permits	67,927,334	81,561,138	103,504,451	102,107,910	39,827,653[1]
Other	29,713,041	35,961,487	41,832,114	44,045,671	43,673,900
	97,640,375	117,522,625	145,336,565	146,153,581	83,501,553
Fines and penalties	12,807,290	14,709,493	19,014,445	15,250,866	16,395,065
Interest from investments	161,617,011	225,716,888	211,475,421	91,321,248	77,148,502
Recoveries of grants and contributions		2,182,223			
British Columbia Place Ltd. — dividends, non-recurring recovery of previous grants				65,000,000	
British Columbia Cellulose Company — dividends				5,000,000	
Municipal and other governments	29,037,644	29,621,903	32,837,631	18,466,674	3,876,161
Miscellaneous	29,974,946	46,980,182	93,283,860	71,842,571	113,264,142
Total Other Revenue	**437,979,167**	**562,575,245**	**680,312,382**	**563,391,656**	**477,909,287**

[1] *See* footnote to note 13.

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS REVENUE BY SOURCES FOR THE FISCAL YEARS ENDED MARCH 31—Continued

	1980	1981	1982	1983	1984
	$	$	$	$	$
Contributions from Government Enterprises—	(unaudited)				
Liquor Distribution Branch	222,494,242	274,548,747	315,839,210	337,854,900	351,525,246
British Columbia Buildings Corporation	18,342,410	17,045,000	8,005,000		
British Columbia Systems Corporation	237,000	1,522,000	2,676,000		19,045
Total Contributions from Government Enterprises	**241,073,652**	**293,115,747**	**326,520,210**	**337,854,900**	**351,544,291**
Contributions from the Federal Government—					
Established programs financing	593,409,000	638,388,000	643,861,000	652,360,000	928,536,000
Fiscal stabilization					139,000,000
Canada Assistance Plan	254,873,813	312,856,926	320,167,884	460,005,833	543,710,297
Statutory and other subsidies	2,116,848	7,352,468	7,595,929	9,232,574	7,241,818
Other shared costs and grants in aid	144,128,881	117,927,500	110,692,549	94,025,647	137,877,548
Reciprocal Taxation Agreement					16,315,000
Total Contributions from the Federal Government	**994,528,542**	**1,076,524,894**	**1,082,317,362**	**1,215,624,054**	**1,772,680,663**
Total Gross Revenue	**5,704,826,813**	**5,802,725,042**	**6,903,448,673**	**6,529,089,773**	**7,344,272,795**
Reconciliation with Summaries of Revenue—					
General Fund	5,612,336,143	5,699,889,486	6,773,703,062	7,327,745,838	7,242,388,185
Less transfers from Special Funds		(12,660,764)	(62,768,481)	(1,405,730,330)	(677,267,349)
Special Funds	485,458,486	636,046,302	488,913,886	873,667,613	1,030,516,017
Less transfers from General Fund	(392,967,816)	(520,549,982)	(296,399,794)	(266,593,348)	(251,364,058)
	5,704,826,813	**5,802,725,042**	**6,903,448,673**	**6,529,089,773**	**7,344,272,795**

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31

	1980	1981	1982	1983	1984
	$	$	$	$	$
General Government—	(Unaudited)				
Administrative—					
General	114,241,159	118,612,091	140,314,265	150,229,990	157,064,951
Employees' benefits	115,435,437	127,167,355	151,268,929	178,009,510	171,262,578
Legislative—					
Elections	6,359,555	1,249,087	3,023,831	6,218,331	10,417,724
Legislative Assembly and Government House	6,767,317	8,413,894	8,656,635	7,632,055	9,125,520
Total General Government	**242,803,468**	**255,442,427**	**303,263,660**	**342,089,886**	**347,870,773**
Protection of Persons and Property—					
Law enforcement	84,467,006	92,233,330	109,119,311	116,933,248	129,343,034
Corrections	72,621,713	80,054,935	84,846,362	96,397,224	98,771,190
Police protection	40,776,710	47,555,148	53,867,612	67,133,912	73,400,519
Registration, regulation, inspection, trusteeship	63,221,331	66,354,945	70,893,660	71,227,116	68,735,646
Total Protection of Persons and Property	**261,086,760**	**286,198,358**	**318,726,945**	**351,691,500**	**370,250,389**
Transportation and Communications—					
Highways, roads, bridges and airports	430,785,752	470,423,809	483,312,836	429,024,872	642,064,291
Waterways, ferries, docks and wharves	26,440,536	27,071,097	54,764,375	39,804,475	32,872,632
British Columbia Ferries	53,772,025	57,928,384	63,712,166	47,820,819	47,821,333
British Columbia Railway	23,200,000	84,000,000	128,151,155	77,000,000	77,000,000
Total Transportation and Communications	**534,198,313**	**639,423,290**	**729,940,532**	**593,650,166**	**799,758,256**
Health and Social Services—					
Health—					
Administration	11,588,398	19,017,552	16,107,705	23,931,143	19,360,672
Public health	83,627,984	99,538,913	135,705,681	168,196,750	127,451,264
Medical, dental and allied services	377,775,219	462,443,017	567,816,751	642,888,486	842,317,042
Hospital care—					
Administration	6,063,905	6,489,577	7,349,853	7,159,849	6,580,277
Payments to local hospitals	733,422,806	971,110,988	1,095,164,258	1,254,323,444	1,326,039,155
Provincial mental hospitals	101,530,375	113,777,485	118,140,667	135,048,569	164,153,508
Social Services—					
Administration	72,136,846	83,583,974	94,432,460	97,629,074	101,471,486
Aid to aged persons	25,450,776	30,424,335	34,989,579	36,889,153	30,067,360
Social assistance	527,386,109	621,143,192	698,607,841	888,894,548	1,110,485,746
Child welfare	66,016,702	83,927,614	104,349,121	135,066,344	139,585,362
Labour relations, industrial conciliation and arbitration	10,893,111	12,251,617	26,071,837	28,662,406	22,104,511
Total Health and Social Services	**2,015,892,231**	**2,503,708,264**	**2,898,735,753**	**3,418,689,766**	**3,889,616,383**

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31—Continued

	1980	1981	1982	1983	1984
	$	$	$	$	$
Recreation and Cultural Services—	(Unaudited)				
Archives, art galleries, museum and libraries	13,469,498	17,531,068	19,087,840	15,575,039	17,518,399
Parks, beaches and other recreational areas	41,760,790	46,398,233	46,899,806	33,641,376	31,060,092
Physical culture	6,848,744	7,624,107	4,217,607	3,136,070	3,637,659
Other	7,900,701	6,064,750	5,969,060	4,996,370	4,276,696
Total Recreation and Cultural Services	**69,979,733**	**77,618,158**	**76,174,313**	**57,348,855**	**56,492,846**
Education—					
Administration	6,699,475	7,599,854	8,612,075	13,912,306	11,807,745
Schools operated by local authorities—					
Operating grants	433,310,297	465,827,304	530,152,224	585,253,642	631,202,171
Home-owner grants (school-levy portion)	203,736,926	216,220,230	224,936,772	232,451,581	236,742,485
Aids and services	18,201,105	33,532,447	36,442,753	26,181,430	24,991,830
Universities, colleges, vocational and other schools	466,619,214	511,329,878	632,132,805	685,092,916	698,056,834
Independent schools	9,565,835	10,841,810	13,224,545	17,154,073	37,884,309
Education of the handicapped	2,748,740	3,537,955	8,061,693	5,316,646	5,098,579
Teachers' pensions and unemployment insurance	48,824,249	69,046,446	96,385,037	103,210,207	104,792,441
Total Education	**1,189,705,841**	**1,317,935,924**	**1,549,947,904**	**1,668,572,801**	**1,750,570,394**
Natural Resouree and Primary Industries—					
Fish and game	19,660,930	15,262,230	16,294,798	16,108,804	16,717,968
Forests (including fire suppression)	163,635,360	183,515,133	229,389,679	241,260,813	211,967,116
Lands-settlement and agriculture	59,901,882	100,523,937	177,684,905	145,407,337	142,669,629
Minerals and mines	12,312,270	20,822,162	22,888,474	18,662,329	15,609,667
Water resources	30,307,907	34,414,297	39,541,621	33,725,773	49,577,386
Other	16,527,817	8,360,472	1,745,750		
Total Natural Resource and Primary Industries	**302,346,166**	**362,898,231**	**487,545,227**	**455,165,056**	**436,541,766**
Trade and Industrial Development	**53,119,186**	**77,394,999**	**86,331,138**	**57,504,908**	**54,169,621**
Housing—					
Home-owner grants (nonschool-levy portion)	23,203,073	25,337,139	26,075,767	25,766,231	26,304,721
Home-acquisition grants	18,332,750	25,587,784	21,372,090	22,116,318	23,560,828
Renters' grants	15,293,456	21,688,625	21,627,785	22,044,034	467,247
Other	35,441,294	45,163,988	44,377,392	50,569,759	36,971,277
Total Housing	**92,270,573**	**117,777,536**	**113,453,034**	**120,496,342**	**87,304,073**
Aid to Local Government—					
Grants in aid of local government	176,289,842	218,483,744	264,733,057	212,557,750	215,796,116
Transit subsidy	25,136,184	72,853,435	89,757,666	86,408,473	84,188,223
Planning and development	2,582,839	3,136,542	3,677,394	4,659,742	4,587,798
University Endowment Lands	3,006,266	2,538,173	3,143,002	3,569,309	3,339,346
Total Aid to Local Government	**207,015,131**	**297,011,894**	**361,311,119**	**307,195,274**	**307,911,483**
Interest on Public Debt	**21,681,023**	**19,299,398**	**16,917,773**	**28,329,459**	**112,594,092**

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31—Continued

	1980	1981	1982	1983	1984
	$	$	$	$	$
Other Expenditure—	(Unaudited)				
Provincial Emergency Program	7,778,953	9,755,561	8,613,767	5,761,926	5,667,572
Special Employment Program	25,039,282	25,204,041	15,035,795	45,977,727	39,381,454
Interest on deposits and revenue refunds	8,759,964	13,920,532	17,766,471	1,552,448	898,997
Power subsidy	3,221,491				
Lottery Fund grants	11,563,565	11,634,227	16,132,831	28,658,227	56,761,841
Crown corporation grants and other payments	9,237,020	21,838,889	53,358,895	10,000,000	46,228,520
British Columbia Resources Investment Corporation					
—Revaluation adjustment		22,004,858			
—Donation of investment			25,019,744		
—Share distribution to British Columbia residents	106,326,693				
Transfer of property to British Columbia Buildings Corporation			5,918,571	20,012,926	392,104
Sundry	938,419	393,000	3,276,675	597,500	1,439,707
Total Other Expenditure	**172,865,387**	**104,751,108**	**145,122,749**	**112,560,754**	**150,770,195**
Total Combined Expenditure	**5,162,963,812**	**6,059,459,587**	**7,087,470,147**	**7,513,294,767**	**8,363,850,271**
Reconciliation with Summaries of Expenditure—					
General Fund	5,351,686,182	6,278,937,580	6,868,665,092	7,469,667,609	8,273,877,944
Less transfers to Special Funds	(392,967,816)	(520,549,982)	(296,399,794)	(266,593,348)	(251,364,058)
Special Funds	204,245,446	313,732,753	577,973,330	1,715,950,836	1,018,603,734
Less transfers to General Fund		(12,660,764)	(62,768,481)	(1,405,730,330)	(677,267,349)
	5,162,963,812	**6,059,459,587**	**7,087,470,147**	**7,513,294,767**	**8,363,850,271**

SCHEDULE OF SPECIAL FUNDS TRANSACTIONS AND BALANCES FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	Balance March 31, 1983[3]	Revenue and Transfers[2]	Expenditures and Transfers[1]	Balance March 31, 1984[3]
Perpetual Funds—				
British Columbia Cultural Fund—	$	$	$	$
Capital Account	20,000,000			20,000,000
Current Account	481,018	1,603,703	1,552,366	532,355
First Citizens' Fund—				
Capital Account	25,000,000			25,000,000
Current Account	1,969,667	2,001,235	2,724,330	1,246,572
Physical Fitness and Amateur Sports Fund—				
Capital Account	20,000,000			20,000,000
Current Account	1,168,953	1,611,666	2,130,389	650,230
	68,619,638	5,216,604	6,407,085	67,429,157
Other Funds—				
Farm Income Assurance Fund[2,3]				
Contributed reserve	9,674,624			9,674,624
Operating balance	(11,573,095)	64,112,130	58,851,955	(6,312,920)
Habitat Conservation Fund	96,223	1,775,435	750,458	1,121,200
Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund[2]	19,866,042	12,122,506	6,061,253	25,927,295
Lottery Fund	27,913,765	60,021,992	58,491,446	29,444,311
Resource Revenue Stabilization Fund[1]		677,267,349	677,267,349	
Revenue Sharing Fund[2]	30,838,552	210,000,000	210,710,607	30,127,945
Miscellaneous Statutory Accounts	63,581		63,581	
	76,879,692	1,025,299,412	1,012,196,649	89,982,455
Total Special Funds	**145,499,330**	**1,030,516,016**	**1,018,603,734**	**157,411,612**

[1] Special Fund expenditures include amounts transferred as revenue to the General Fund as follows:

All receipts of the Resource Revenue Stabilization Fund were transferred to the General Fund by order of the Lieutenant Governor in Council under section 4 of the *Resources Revenue Stabilization Fund Act*.

[2] Special Fund revenues include amounts transferred as expenditures from the General Fund as follows:

Farm Income Assurance Fund—$31,843,481.

Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund—$9,520,577.

Revenue Sharing Fund—$210,000,000.

[3] Balance of the Farm Income Assurance Fund has been separated into its components of a contributed reserve for stabilization account and operating or current account balance. The contributed reserve represents the remains of advances made by the Provincial government to the Fund to cover short term deficits of individual programs.

SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS FOR THE FISCAL YEAR

Ministry	Salaries and Wages	Travel	Services	Utilities, Materials and Supplies
	$	$	$	$
Legislation	2,518,131	13,730	3,855,044	970,549
Auditor General	2,394,733	203,808	171,077	66,708
Ombudsman	1,118,880	50,591	186,134	67,638
Premier's Office	399,151	71,771	10,091	96,099
Agriculture and Food	15,383,897	1,371,436	1,699,681	1,105,699
Attorney General	132,948,463	4,512,509	101,951,430	15,241,514
Consumer and Corporate Affairs	12,560,267	420,844	2,276,986	706,955
Education	13,724,974	396,056	9,153,364	14,773,942
Energy, Mines and Petroleum Resources	11,272,765	836,149	4,206,029	668,466
Environment	42,535,214	3,242,495	9,319,585	4,425,387
Finance	31,107,645	1,007,783	14,252,598	3,826,777
Forests	111,082,625	3,482,301	31,469,106	19,046,991
Health	193,817,942	4,241,368	28,718,341	24,046,431
Human Resources	124,913,437	3,444,227	107,786,755	7,557,780
Industry and Small Business Development	6,323,787	529,021	2,778,369	323,686
Intergovernmental Relations	1,444,847	100,160	111,301	367,900
Labour	22,576,289	1,732,804	3,775,869	916,622
Lands, Parks and Housing	33,074,382	1,094,102	3,440,410	7,101,031
Municipal Affairs	3,473,010	165,668	345,304	122,722
Provincial Secretary and Government Services	39,611,344	1,203,660	30,640,699	20,555,687
Tourism	2,973,833	265,883	2,456,329	391,126
Transportation and Highways	175,499,305	7,397,118	13,138,794	103,016,706
Universities, Science and Communications	3,133,409	101,041	199,472	163,618
Other—				
Employment Development Act, Sec. 1	14,143,236	1,757,278	19,401,503	12,354,579
Medical Services Act, Sec. 12				
Less: Transfers to Special Funds				
Special Funds	660,161	64,598	1,157,561	243,616
Less: Transfers to General Fund				
Combined Expenditure	998,691,727	37,706,401	392,501,832	238,158,229
Comparative—1983 Combined Expenditure	1,009,922,949	42,602,346	381,727,186	235,781,462

[1] Transfers to Special Funds of $251,364,058 include Agriculture (Farm Income Assurance) $31,843,481, Municipal Affairs (Revenue Sharing Fund) $210,000,000, and Industrial Development Subsidiary Agreement Loan Repayment Revolving $9,520,577.

[2] Transfer to the General Fund of $677,267,349 is composed of revenue from the Resource Revenue Stabilization Fund.

EXPENDITURE BY OBJECTS OF EXPENDITURE CLASSIFICATION (GROUPED) ENDED MARCH 31, 1984

Acquisition of Physical Assets	Rentals	Grants, Contributions and Subsidies	Other Expenditures	*Less* Recoveries	Total Expenditures
$	$	$	$	$	$
56,195	47,779	87,400	63,872		7,612,700
11,144	210,001	5,000			3,062,471
	194,996				1,618,239
			213		577,325
123,458	4,934,825	17,308,221	38,364,714[1]	(1,856,131)	78,435,800
1,379,886	59,029,840	20,352,362	3,067,229	(5,812,892)	332,670,341
	2,280,696	108,000	105,834	(1,857)	18,457,725
1,187,803	3,298,353	2,055,005,207	1,447,537	(723,463,259)	1,375,523,977
58,651	2,214,411	7,474,269	31,853,062	(36,357,864)	22,225,938
7,351,804	13,485,639	1,414,791	109,808	(1,653,674)	80,231,049
73,440	6,060,564	77,048,904	198,288,520	(91,536,602)	240,129,629
5,022,116	45,074,024	1,926,885	427,619	(2,276,875)	215,254,792
1,600,000	37,701,381	2,151,499,180	8,292,783	(14,636,927)	2,435,280,499
733,188	30,859,279	1,103,448,401	1,142,975	(2,504,991)	1,377,381,051
	1,250,527	100,732,080[1]	358,947		112,296,417
	62,496	45,000	52,142		2,183,846
193,621	3,132,956	7,817,054	13,465,816	(1,289,406)	52,321,625
1,967,165	5,921,457	37,815,279	20,699,162	(1,625,830)	109,487,158
	551,808	4,863,754	210,087,760[1]	(1,574)	219,608,452
243,015	14,635,061	7,240,413	164,344,255	(29,311,621)	249,162,513
	902,524	716,175	84,781	(1,807,306)	5,983,345
110,476,839	107,450,563	57,200,318	472,736	(12,950,948)	561,701,431
39,455	29,291,075	365,649,846	8,426,392	(4,197,815)	402,806,493
161,711,524	15,814,731	25,147,347	1,257	(10,521,313)	239,810,142
		130,054,986			130,054,986
			(251,364,058)[1]		(251,364,058)
36,276	335,893	273,861,455	742,244,449	(275)	1,018,603,734
			(677,267,349)[2]		(677,267,349)
292,265,580	384,740,879	6,446,822,327	514,770,456	(941,807,160)	8,363,850,271
185,570,556	317,165,213	5,917,706,091	555,705,855	(1,132,886,891)	7,513,294,767

SCHEDULE OF RESOURCE REVENUE STABILIZATION FUND
REVENUE BY SOURCE FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Estimated	Source	Revenue		
$		$	$	$
	Petroleum and Natural Gas:			
45,000,000	British Columbia Petroleum Corporation	166,230,913		
49,000,000	Permits and Fees	70,380,793		
85,000,000	Petroleum and Natural Gas Royalties	96,652,028		
179,000,000			333,263,734	
	Minerals:			
—	Mining Tax	1,656,635		
—	Mineral Resource Tax	(1,537,382)		
15,000,000	Mineral Land Tax	15,940,321		
11,000,000	Coal, Minerals and Metals Royalties	8,944,758		
8,000,000	Miscellaneous Mining Receipts	6,612,387		
34,000,000			31,616,719	
	Forests:			
2,500,000	Logging Tax	956,421		
113,000,000	Timber Sales[1]	103,833,898		
5,900,000	Timber Royalties	13,120,905		
6,800,000	Forest Scaling Fees	8,941,426		
2,800,000	Miscellaneous Forest Receipts	4,042,955		
131,000,000			130,895,605	
172,000,000	**Water Rentals and Recording Fees**		171,995,181	
9,600,000	***Wildlife Act*—Fees and Licences**		9,496,110	
181,600,000	**Revenue of the Resource Revenue Stabilization Fund**			677,267,349
525,600,000	**Transfer to General Fund**			677,267,349
—	**Balance of Fund**			—

[1] Timber sales are net of stumpage offsets allowed under section 88 of the *Forest Act*—$62,594,705 (Estimates $59,000,000).

SCHEDULE OF GENERAL FUND REVENUE BY SOURCE FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Estimated	Source		Revenue	
$	**Taxation Revenue:**	$	$	$
1,877,000,000	Personal Income[1]		1,818,815,006	
226,000,000	Corporation Income[1]		309,470,082	
1,225,000,000	Social Service		1,201,338,425	
375,000,000	Gasoline		370,554,377	
45,000,000	Motive Fuel Use		50,513,372	
132,000,000	Tobacco		138,450,501	
87,000,000	Corporation Capital		85,782,350	
39,000,000	Property (rural areas)		36,789,104	
23,000,000	Insurance Premium		20,920,174	
25,000,000	Hotel Room		23,215,930	
8,000,000	Horse Racing		7,701,216	
—	Succession and Gift		(99,762)	
4,062,000,000	**Total Taxation Revenue**			4,063,450,775
	Natural Resource Revenue:			
525,600,000	Transfer from the Resource Revenue Stabilization Fund[2]			677,267,349
	Other Revenue:			
	Sales and Services:			
30,000,000	Land Registry Fees	31,035,564		
27,000,000	Real Estate Earnings of the Crown Land Account	18,907,044		
12,500,000	Medicare Services Recoveries	10,604,075		
6,650,000	Motor Vehicle Lien and Search Fees	6,878,726		
5,000,000	Ambulance Service	4,659,878		
4,400,000	Ferry Revenue	4,168,508		
2,200,000	Sheriffs' Fees	2,114,373		
1,950,000	Property Tax Collection Fees	2,029,840		
1,600,000	Vital Statistics Fees	1,195,200		
1,200,000	Hearing Aid Equipment	1,169,694		
700,000	Sales of Maps and Airphotos	479,378		
—	Management Fees	1,075,866		
—	University Endowment Lands Revenue	570,964		
4,900,000	Miscellaneous Sales and Services	6,970,281		
98,100,000			91,858,391	
	Licences and Permits:			
108,000,000	Motor Vehicle Licences and Permits (*See* note 13)	39,827,653		
15,400,000	Liquor Licensing Branch—Permits and Fees	14,385,538		
7,000,000	Companies Branch	7,354,634		
5,000,000	Safety Inspecting Fees	4,069,261		
4,500,000	Law Stamps	3,938,380		
3,300,000	Camp-site Permits and Park Use	2,997,226		
2,600,000	*Fire Services Act*—Fees, etc.	3,969,398		
2,500,000	Insurance, Brokers and Real Estate	1,647,811		
1,300,000	Agricultural Licences	1,035,612		
1,000,000	Trade and Dealer Licences	798,716		
900,000	Mobile Home Registry	683,547		
4,500,000	Miscellaneous Licences and Permits	2,793,777		
156,000,000			83,501,553	
64,500,000	Interest from Investments		68,843,929	

SCHEDULE OF GENERAL FUND REVENUE BY SOURCE FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

Estimated	Source		Revenue	
$	**Other Revenue**—Continued	$	$	$
	Miscellaneous:			
18,000,000	Fines and Penalties	16,395,065		
	Institutional Maintenance Receipts:			
12,000,000	Maintenance of Children	11,308,078		
6,500,000	Other Maintenance Receipts	2,909,430		
8,700,000	Insurance Claim Receipts	9,006,337		
31,800,000	Other Miscellaneous Revenue	35,472,193		
1,000,000	Municipal Share of Joint Service Program	3,876,161		
78,000,000			78,967,264	
	Non-recurring Recoveries:			
	British Columbia Harbours Board—Sale of Assets	24,826,900		
	British Columbia Development Corporation—return of trust assets	25,293,595		
	Pier B.C. Development Board Ltd.—Windup	2,900,000		
	Sale of Property to British Columbia Buildings Corporation	288,652		
	Recovery of ferry refit costs	854,658		
	Other	110,265		
—			54,274,070	
396,600,000	**Total Other Revenue**			377,445,107
	Contributions From Government Enterprises:			
355,000,000	Liquor Distribution Branch[3]		351,525,246	
—	British Columbia Systems Corporation		19,045	
355,000,000	**Total Contributions from Government Enterprises**			351,544,291
	Contributions From the Federal Government:			
793,000,000	Established Programs Financing	928,536,000		
490,000,000	Canada Assistance Plan	543,710,297		
—	Fiscal Stabilization Program (*see* Note 17)	139,000,000		
55,000,000	Adult Occupational Training	75,748,478		
15,000,000	Economic Development	20,593,417		
5,000,000	*Public Utilites Income Tax Transfer Act*	4,725,987		
15,000,000	Transportation and Highways	14,228,760		
2,500,000	Statutory Subsidies	2,515,831		
20,000,000	Reciprocal Taxation Agreement	16,315,000		
36,500,000	Other Payments	27,306,893		
1,432,000,000	**Total Contributions from the Federal Government**			1,772,680,663
6,771,200,000	**General Fund Revenue**			7,242,388,185

Revenue by source is reported after the deduction of amounts considered uncollectible. These amounts totalled $19,940,542 in 1983/84 and were comprised of reductions of Taxation $14,295,962, Natural Resources $169,059, Contributions from Federal Government $169,392, Other $5,306,129.

[1] Personal and Corporation income tax revenues are recorded after reduction for tax credits of $3,264,571 and $14,870,673 respectively. Taxes are reduced for the payment of foreign tax, logging tax, political contributions, personal income tax, and royalty rebates.

[2] Natural resource revenue is paid into the Resource Revenue Stabilization Fund. In 1983/84 all revenue received by this Fund was transferred to the General Fund.

[3] The British Columbia Liquor Distribution Branch revenue is the net income of the Branch after adjusting for differences in the accounting policies of the Branch from those of the Government. Revenue of $351,525,246 is comprised of gross revenue of $912,029,059 less cost of merchandise sold and operating expenses of $562,510,486 and accounting policy adjustments which add back $701,217 for the decrease in value of fixed assets and $1,305,156 for accrued employee benefits. (Refer to Section G of the Public Accounts for complete financial statements of the Branch.)

SCHEDULE OF GENERAL FUND EXPENDITURE BY MINISTRY SHOWING EXPENDITURE COMPARED WITH MAIN ESTIMATES AND OTHER AUTHORIZATIONS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Ministry	Total Appropriations			Actual Expenditures	Net Under Expenditures
	Estimated	Other Authorizations	Total		
	$	$	$	$	$
Legislation	7,610,112	2,588	7,612,700	7,612,700	
Auditor General	3,151,560		3,151,560	3,062,471	89,089
Ombudsman	1,618,744		1,618,744	1,618,239	505
Premier's Office	660,799		660,799	577,325	83,474
Agriculture and Food	81,668,594	(2,112,421)	79,556,173	78,435,800	1,120,373
Attorney General	330,153,115	4,912,502	335,065,617	332,670,341	2,395,276
Consumer and Corporate Affairs	19,107,135		19,107,135	18,457,725	649,410
Education	1,406,702,670	1,200,000	1,407,902,670	1,375,523,977	32,378,693
Energy, Mines and Petroleum Resources	25,582,377	188,522	25,770,899	22,225,938	3,544,961
Environment	82,906,639	3,450,693	86,357,332	80,231,049	6,126,283
Finance	333,525,315	1,209,590	334,734,905	240,129,629	94,605,276
Forests	242,616,350	578	242,616,928	215,254,792	27,362,136
Health	2,450,048,847	2,205,476	2,452,254,323	2,435,280,499	16,973,824
Human Resources	1,368,272,892	11,540,000	1,379,812,892	1,377,381,051	2,431,841
Industry and Small Business Development	140,917,429	(3,899,690)	137,017,739	112,296,417	24,721,322
Intergovernmental Relations	2,423,087	2,004	2,425,091	2,183,846	241,245
Labour	58,899,343	18,936	58,918,279	52,321,625	6,596,654
Lands, Parks and Housing	100,270,328	14,326,808	114,597,136	109,487,158	5,109,978
Municipal Affairs	220,916,359		220,916,359	219,608,452	1,307,907
Provincial Secretary and Government Services	259,810,124	8,524	259,818,648	249,162,513	10,656,135
Tourism	5,942,086	359,089	6,301,175	5,983,345	317,830
Transportation and Highways	569,114,840		569,114,840	561,701,431	7,413,409
Universities, Science and Communications	389,382,555	20,900,000	410,282,555	402,806,493	7,476,062
Other	245,000,000	130,054,986	375,054,986	369,865,128	5,189,858
	8,346,301,300[1]	184,368,185	8,530,669,485	8,273,877,944	256,791,541

[1] Main Estimates Voted 8,055,771,800
Special Accounts Estimate 290,529,500
8,346,301,300

Net Voted Financing Transactions Estimate 30

SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Vote No.	Description	Total Appropriations — Estimated	Total Appropriations — Other Authorizations	Total Appropriations — Total	Actual Expenditure	Net Under Expenditure
	Legislation	$	$	$	$	$
1	Legislation	**7,610,112**				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, sec. 64)		**2,588**	**7,612,700**	**7,612,700**	
	Auditor General					
2	Auditor General	**3,151,560**		**3,151,560**	**3,062,471**	**89,089**
	Ombudsman					
3	Office of the Ombudsman	**1,618,744**		**1,618,744**	**1,618,239**	**505**
	Premier's Office					
4	Premier's Office	**660,799**		**660,799**	**577,325**	**83,474**
	Ministry of Agriculture and Food					
5	Minister's Office	175,590		175,590	140,418	35,172
6	Ministry Operations	78,200,677				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		(2,700,000)	75,500,677	74,666,527	834,150
7	Milk Board	263,285		263,285	252,032	11,253
8	Provincial Agricultural Land Commission	715,042		715,042	711,230	3,812
	Statutory—					
	Cattle Horn Act (R.S.B.C. 1979, chap. 44, sec. 7)—Livestock improvement		30,030	30,030	30,030	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Crop insurance (*see* B 51 for detail)		526,022	526,022	526,022	
		79,354,594	(2,143,948)	77,210,646	76,326,259	884,387
	Special Accounts—					
	Livestock Protection Act (R.S.B.C. 1979, chap. 245, sec. 14)	14,000	9,062	23,062	23,062	
	Farm Product Industry Act (R.S.B.C. 1979, chap. 124, sec. 16)	2,300,000		2,300,000	2,064,014	235,986
	Agricultural Credit Act (R.S.B.C. 1979, chap. 202, sec. 5)		22,465	22,465	22,465	
		81,668,594	**(2,112,421)**	**79,556,173**	**78,435,800**	**1,120,373**

	Ministry of Attorney General					
9	Minister's Office	185,732		185,732	180,959	4,773
10	Administration and Support Services	65,728,532				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		631,486	66,360,018	66,360,018	
11	Superior and County Judiciary	1,894,887				
	Supplement—Special Warrant No. 7		150,000	2,044,887	1,879,918	164,969
12	Provincial Judiciary	9,078,651		9,078,651	8,737,866	340,785
13	Police Services	72,599,391				
	Supplement—Special Warrant No. 7		600,000	73,199,391	72,400,519	798,872
14	Court Services	42,906,470		42,906,470	42,882,998	23,472
15	Corrections	79,176,813		79,176,813	79,171,190	5,623
16	Legal Services to Government	9,821,996		9,821,996	9,076,168	745,828
17	Criminal Justice	15,053,323		15,053,323	15,046,568	6,755
18	Statutory Services, Boards and Commissions	33,660,320				
	Supplement—Special Warrant No. 7		500,000			
	Statutory—*Criminal Injury Compensation Act* (R.S.B.C. 1979, chap. 83, sec. 2 (5))		1,591,308	35,751,628	35,485,779	265,849
	Statutory—*Indian Cut-off Lands Disputes Act* (S.B.C. 1982, chap. 50, sec. 5)—Okanagan, Squamish and Westbank		1,439,708	1,439,708	1,439,708	
		330,106,115	4,912,502	335,018,617	332,661,691	2,356,926
	Special Account—*Land Title Act* (R.S.B.C. 1979, chap. 219, sec. 274)	47,000		47,000	8,650	38,350
		330,153,115	**4,912,502**	**335,065,617**	**332,670,341**	**2,395,276**
	Ministry of Consumer and Corporate Affairs					
19	Minister's Office	184,197		184,197	181,569	2,628
20	Ministry Operations	18,922,938		18,922,938	18,276,156	646,782
		19,107,135		**19,107,135**	**18,457,725**	**649,410**
	Ministry of Education					
21	Minister's Office	207,010		207,010	149,479	57,531
22	Management Operations and Educational Finance	24,383,227		24,383,227	23,722,286	660,941
23	Public Schools Education	1,040,531,959		1,040,531,959	1,009,969,201	30,562,758
24	Post Secondary Colleges and Institutes	319,463,135		319,463,135	318,794,894	668,241
25	Independent Schools	22,117,339		22,117,339	21,688,117	429,222
	Statutory--					
	Education (Interim) Finance Act (S.B.C. 1982, chap. 2, sec. 20 (6))		1,200,000	1,200,000	1,200,000	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
26	Voted Financing Transactions (Rural Residential School Property Tax)					
		1,406,702,670	**1,200,000**	**1,407,902,670**	**1,375,523,977**	**32,378,693**

SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Ministry of Energy, Mines and Petroleum Resources					
27	Minister's Office	173,868		173,868	129,282	44,586
28	Resource Management Program	20,353,252		20,353,252	18,420,837	1,932,415
29	British Columbia Utilities Commission	1,555,257		1,555,257	1,484,817	70,440
30	Fort Nelson Indian Band Mineral Revenue Sharing Agreement	3,500,000		3,500,000	2,002,480	1,497,520
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on revenue refunds		97,340	97,340	97,340	
	Mines Act (S.B.C. 1980, chap. 28, sec. 15 (2))—Mine improvement		2,355	2,355	2,355	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		25,582,377	99,695	25,682,072	22,137,111	3,544,961
	Special Account—Energy Development—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 4)		88,827	88,827	88,827	
		25,582,377	**188,522**	**25,770,899**	**22,225,938**	**3,544,961**
	Ministry of Environment					
31	Minister's Office	164,475		164,475	52,869	111,606
32	Resource and Environmental Management	79,212,164		79,212,164	76,260,348	2,951,816
33	Emergency Assistance	3,530,000		3,530,000	467,139	3,062,861
	Statutory—					
	Flood Relief Act (R.S.B.C. 1979, chap. 138, sec. 2)—Flood costs		2,783,564	2,783,564	2,783,564	
	Emergency Program Act (R.S.B.C. 1979, chap. 106, sec. 16)—Purchase of property subject to hazard		663,327	663,327	663,327	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 15 (1))—Extinguishment of debt		3,802	3,802	3,802	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		82,906,639	**3,450,693**	**86,357,332**	**80,231,049**	**6,126,283**

	Ministry of Finance					
34	Minister's Office	172,432		172,432	156,595	15,837
35	Government Financial Support	56,128,016		56,128,016	53,847,657	2,280,359
36	Interest on the Public Debt	181,000,000		181,000,000	106,197,342	74,802,658
37	Provincial Capital Commission	363,022		363,022	362,021	1,001
38	Compensation Stabilization Program	861,845		861,845	617,449	244,396
39	Contingencies (All Ministries)	95,000,000		95,000,000	77,738,975	17,261,025
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on revenue refunds		801,078	801,078	801,078	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 53 (f))—Issue costs		403,116	403,116	403,116	
	Unclaimed Money Act (R.S.B.C. 1979, chap. 418, sec. 4)—Payment of claims		5,396	5,396	5,396	
40	Voted Financing Transactions (Rural Area Property Taxes and Land Tax Deferments)					
		333,525,315	**1,209,590**	**334,734,905**	**240,129,629**	**94,605,276**
	Ministry of Forests					
41	Minister's Office	143,879		143,879	137,711	6,168
42	Forest and Range Management	192,472,471		192,472,471	190,253,732	2,218,739
43	Fire Suppression Program	50,000,000		50,000,000	24,862,771	25,137,229
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (c))—Interest on revenue refunds		578	578	578	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		242,616,350	**578**	**242,616,928**	**215,254,792**	**27,362,136**
	Ministry of Health					
44	Minister's Office	182,438		182,438	160,696	21,742
45	Management Operations	66,569,430		66,569,430	63,154,035	3,415,395
46	Medical Services Commission	526,713,581				
	Statutory—*Medical Services Act* (R.S.B.C. 1979, chap. 255, sec. 12)		2,205,476	528,919,057	528,919,057	
47	Preventive and Community Health Care Services	158,801,506		158,801,506	145,976,642	12,824,864
48	Institutional Services	1,697,781,892		1,697,781,892	1,697,070,069	711,823
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		2,450,048,847	**2,205,476**	**2,452,254,323**	**2,435,280,499**	**16,973,824**

SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Ministry of Human Resources					
49	Minister's Office	195,191		195,191	176,351	18,840
50	Ministry Programs	1,281,477,701				
	Supplement—Special Warrant No. 8		11,540,000	1,293,017,701	1,293,016,477	1,224
51	Transit Services	86,600,000		86,600,000	84,188,223	2,411,777
		1,368,272,892	**11,540,000**	**1,379,812,892**	**1,377,381,051**	**2,431,841**
	Ministry of Industry and Small Business Development					
52	Minister's Office	158,426		158,426	151,861	6,565
53	Ministry Operations	68,112,503				
	Supplement—Special Warrant No. 6		1,000,000			
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, sec. 14, O.I.C. 1677/83)—Transfer to Ministry of Universities, Science and Communications		(4,900,000)	64,212,503	41,094,236	23,118,267
54	British Columbia Railway—Historic Debt	70,000,000		70,000,000	70,000,000	
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		310	310	310	
55	Voted Financing Transactions (Travel Industry Development Subsidiary Agreement)					
		138,270,929	(3,899,690)	134,371,239	111,246,407	23,124,832
	Special Account—North East Coal Development—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 6)	2,646,500		2,646,500	1,050,010	1,596,490
		140,917,429	**(3,899,690)**	**137,017,739**	**112,296,417**	**24,721,322**
	Ministry of Intergovermental Relations					
56	Minister's Office	117,775		117,775	112,085	5,690
57	Intergovernmental Relations	2,305,312		2,305,312	2,069,757	235,555
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		2,004	2,004	2,004	
		2,423,087	**2,004**	**2,425,091**	**2,183,846**	**241,245**

	Ministry of Labour					
58	Minister's Office	182,042		182,042	177,061	4,981
59	Ministry Operations	56,023,326		56,023,326	49,431,653	6,591,673
60	Boards and Agencies	2,693,975				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		18,936	2,712,911	2,712,911	
		58,899,343	**18,936**	**58,918,279**	**52,321,625**	**6,596,654**
	Ministry of Lands, Parks and Housing					
61	Minister's Office	176,639		176,639	129,708	46,931
62	Ministry Operations	63,038,679		63,038,679	59,198,623	3,840,056
63	Ministry Enterprises	10		10		10
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		63,215,328		63,215,328	59,328,331	3,886,997
	Special Accounts—					
	Crown Land—*Ministry of Lands, Parks and Housing Act* (R.S.B.C. 1979, chap. 277, sec. 7)	16,700,000	6,278,761	22,978,761	22,978,761	
	Provincial Home Acquisition—*Home Conversion and Leasehold Loan Act* (R.S.B.C. 1979, chap. 170, sec. 17) and *Home Purchase Assistance Act* (R.S.B.C. 1979, chap. 172, sec. 21)	18,000,000	8,048,047	26,048,047	26,048,047	
	University Endowment Land Act (R.S.B.C. 1979, chap. 420, sec. 3)	2,355,000		2,355,000	1,132,019	1,222,981
		100,270,328	**14,326,808**	**114,597,136**	**109,487,158**	**5,109,978**
	Ministry of Municipal Affairs					
64	Minister's Office	161,468		161,468	156,901	4,567
65	Operations and Administration	9,349,891		9,349,891	8,866,860	483,031
66	Municipal Revenue Sharing	210,000,000		210,000,000	210,000,000	
		219,511,359		219,511,359	219,023,761	487,598
	Special Account—Downtown Revitalization—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 2)	1,405,000		1,405,000	584,691	820,309
		220,916,359		**220,916,359**	**219,608,452**	**1,307,907**

SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Ministry of Provincial Secretary and Government Services					
67	Minister's Office	197,095		197,095	172,227	24,868
68	Provincial Secretary and Government Services	41,611,053		41,611,053	40,063,190	1,547,863
69	Government Information Services	17,861,018		17,861,018	13,704,565	4,156,453
70	Culture, Heritage and Recreation	17,843,737		17,843,737	17,201,643	642,094
71	Government Personnel, Pensions and Employee Benefits Administration	13,052,221		13,052,221	11,618,373	1,433,848
72	Pensions and Employee Benefits Contributions	167,183,000		167,183,000	165,518,708	1,664,292
	Statutory—					
	Public Sector Restraint Act (S.B.C. 1983, chap. 26, sec. 7 (6))		8,219	8,219	8,219	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—net of recoveries (*see* B 51 for detail)					
		257,748,124	8,219	257,756,343	248,286,925	9,469,418
	Special Accounts—					
	Barkerville Historic Park Development—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 1)	526,000	305	526,305	526,305	
	Provincial Computerization of Libraries—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 7)	1,536,000		1,536,000	349,283	1,186,717
		259,810,124	**8,524**	**259,818,648**	**249,162,513**	**10,656,135**
	Ministry of Tourism					
73	Minister's Office	132,564		132,564	130,524	2,040
74	Operations Services	3,811,088				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 20 (3))		335,380	4,146,468	4,146,468	
75	Marketing Services	1,998,434		1,998,434	1,682,644	315,790
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—					
	Medical expenses, London, England and California, U.S.A.		23,709	23,709	23,709	
		5,942,086	**359,089**	**6,301,175**	**5,983,345**	**317,830**

	Ministry of Transportation and Highways					
76	Minister's Office	200,936		200,936	162,650	38,286
77	Administration and Services Department	9,035,729		9,035,729	8,121,227	914,502
78	Highway Operations Department	468,289,850		468,289,850	463,864,022	4,425,828
79	Hydro Development—Highways	10		10		10
80	Motor Vehicle Department	25,400,685		25,400,685	25,294,846	105,839
81	Motor Carrier Commission and Branch	1,258,273		1,258,273	1,113,848	144,425
82	Transportation Policy Department	5,721,481		5,721,481	4,275,816	1,445,665
83	Air Services Branch	4,385,176		4,385,176	4,047,690	337,486
84	Crown Corporation Assistance	54,822,700		54,822,700	54,821,332	1,368
		569,114,840		**569,114,840**	**561,701,431**	**7,413,409**
	Ministry of Universities, Science and Communications					
85	Minister's Office	119,840		119,840	110,421	9,419
86	Ministry Operations	8,641,343				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, sec. 14, O.I.C. 1677/83)—Transfer from Ministry of Industry and Small Business Development		4,900,000	13,541,343	10,372,005	3,169,338
87	Government Telecommunications Services	27,226,886		27,226,886	26,781,493	445,393
88	Universities	353,394,486		353,394,486	349,542,574	3,851,912
	Statutory—*University of Victoria Special Appropriation Act, 1984* (S.B.C. 1984, chap. 2, sec. 1)		16,000,000	16,000,000	16,000,000	
		389,382,555	**20,900,000**	**410,282,555**	**402,806,493**	**7,476,062**
	Other—					
	Employment Development Act (S.B.C. 1983, chap. 15, sec. 1)	245,000,000		245,000,000	239,810,142	5,189,858
	Medical Services Act (R.S.B.C. 1979, chap. 255, sec. 12)		130,054,986	130,054,986	130,054,986	
		245,000,000	**130,054,986**	**375,054,986**	**369,865,128**	**5,189,858**
	Total, General Fund Expenditure	**8,346,301,300**	**184,368,185**	**8,530,669,485**	**8,273,877,944**	**256,791,541**

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF GUARANTEED DEBT
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Debt of municipalities and other local governments, Provincial Crown corporations and private enterprises explicitly guaranteed by the Province under the authority of a statute as to net principal and accrued interest outstanding.

	1984			1983
	Gross Outstanding[2]	Net Sinking Funds[2]	Net Outstanding	Net Outstanding
Municipalities and other local governments—	$	$	$	$
(1) Guarantees authorized pursuant to the *School Act*, sec. 232 (principally funded)	1,314,232,866			
Less: held by British Columbia School Districts Capital Financing Authority	(1,314,232,866)			
	—			
(2) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9	27,602,601			
Less: held by British Columbia Educational Institutions Capital Financing Authority	(27,602,601)			
	—			
(3) Guarantees authorized pursuant to the *Hospital District Act*, sec. 41	748,479,869			
Less: held by British Columbia Regional Hospital Districts Financing Authority	(748,479,869)			
	—			
(4) Guarantees authorized pursuant to the *Municipalities Assistance Act*, sec. 3 (serials)	8,795,003		8,795,003	14,892,573
(5) Guarantees authorized pursuant to the *Municipal Act*, part 25, sec. 854, debentures (principally serials)	24,849,056	8,615,915	16,233,141	17,387,901
(6) Greater Vancouver Sewerage and Drainage District debentures (some serials)	10,345,080	10,345,080	—	
Subtotal, municipalities and other local governments	43,989,139	18,960,995	25,028,144	32,280,474
Government services—				
(7) Guarantees authorized pursuant to the *British Columbia Buildings Corporation Act*, sec. 13[1]—				
Debentures — funded	523,526,635	21,863,088	501,663,547	488,013,451
Notes — unfunded	60,052,027		60,052,027	75,272,192
(8) Guarantees authorized pursuant to the *System Act*, sec. 20[1]—				
Debentures — funded	52,912,225	1,275,277	51,636,948	51,804,419
Notes — unfunded				2,689,906
Subtotal, Government services	636,490,887	23,138,365	613,352,522	617,779,968
Health and education —				
(9) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9 —				
Debentures — funded[1]	407,814,851	22,536,010	385,278,841	310,608,785
(10) Guarantees authorized pursuant to the *Hospital District Finance Act*, sec. 9 —				
Debentures — funded[1]	939,263,656	197,470,835	741,792,821	686,799,288
(11) Guarantees authorized pursuant to the *School District Capital Finance Act*, sec. 9[1]—				
Debentures — funded	1,533,119,342	540,732,275	992,387,067	1,013,943,981
— unfunded	4,245,316		4,245,316	8,022,681
Subtotal, health and education	2,884,443,165	760,739,120	2,123,704,045	2,019,374,735
Economic development —				
(12) Guarantees authorized pursuant to the *Agricultural Credit Act*, sec. 3	3,494,510		3,494,510	4,249,675
(13) Guarantees authorized pursuant to the *British Columbia Cellulose Company Act*, sec. 8[1]	9,053,926		9,053,926	13,130,046
(14) Guarantees authorized pursuant to the *British Columbia Place Act, 1980*, sec. 6[1]	31,516,233		31,516,233	

(15) Guarantees authorized pursuant to the *British Columbia Railway Finance Act*, sec. 10[1]—				
Bonds and debentures—funded	774,990,612	155,548,516	619,442,096	642,875,212
Notes—unfunded	370,205,813		370,205,813	233,775,244
Capital leases	26,759,497		26,759,497	
(16) Guarantees authorized pursuant to the *British Columbia Transit Act*, sec. 22[1]—				
Bonds and debentures	78,821,867	398,740	78,423,127	37,648,682
Notes	101,228,767		101,228,767	20,005,068
Capital leases	60,533,101		60,533,101	26,429,242
(17) Guarantees authorized pursuant to the *Development Corporation Act*, sec. 15[1], Bonds	263,949,579			
Less: held by the British Columbia Housing and Employment Development Financing Authority	(182,509,798)			
	81,439,781		81,439,781	142,934,301
Notes	62,229,003		62,229,003	
(18) Guarantees authorized pursuant to the *Farm Product Industry Act*, sec. 2	3,807,820		3,807,820	4,118,039
(19) Guarantees authorized pursuant to the *Ferry Corporation Act*, sec. 18[1]—				
Bonds and debentures—unfunded series	43,559,025		43,559,025	28,688,686
—notes				30,271,068
(20) Indemnities authorized pursuant to the *Financial Administration Act*, sec. 56—WLC Development Ltd.	9,225,872		9,225,872	
(21) Guarantees authorized pursuant to the *Harbour Board Act*, secs. 18 and 30.1[1]	6,607,660		6,607,660	6,226,751
(22) Guarantees authorized pursuant to the *Housing and Employment Development Financing Act*, secs. 5 and 6[1]—				
Bonds and debentures	189,348,698		189,348,698	6,191,788
Notes				2,012,888
(23) Guarantees authorized pursuant to the *Ministry of Transportation and Highways Act*, sec. 66, re: British Columbia Steamship Company (1975) Ltd.[1]	4,782,119		4,782,119	3,936,895
(24) Guarantees authorized pursuant to the *Petroleum Corporation Act*, secs. 10 and 12[1]	30,009,349		30,009,349	30,009,349
Subtotal, economic development	1,887,613,653	155,947,256	1,731,666,397	1,232,502,934
Utilities —				
(25) Guarantees authorized pursuant to the *Hydro and Power Authority Act*, sec. 44[1]—				
Bonds and debentures—funded	9,061,164,502	725,380,997	8,335,783,505	7,661,336,557
Subtotal, utilities	9,061,164,502	725,380,997	8,335,783,505	7,661,336,557
Grand total, all guaranteed debt	14,513,701,346	1,684,166,733	12,829,534,613	11,563,274,668
Less: Amounts included above held as investments by General and Special Funds	94,141,094	19,725,318	74,415,776	136,427,866
Net total, all guaranteed debt	14,419,560,252	1,664,441,415	12,755,118,837	11,426,846,802

[1] See Section G of the Public Accounts for details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies.

[2] Gross outstanding debt as at March 31, 1984 includes accrued interest of $437.7 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1984.

Sinking funds comprise cash and investments recorded at amortized cost, plus accrued interest of $39 million, with the exception of item 6 which is shown at an adjusted value equivalent to the gross outstanding funded debt. The market value of these sinking fund investments was approximately $1,481 million at March 31, 1984 (1983: $1,308 million); however, these are not considered to be temporary investments. These investments are generally held until maturity, at which time the par value is realized.

The Government is directly responsible for paying 57.6 to 100 per cent of debt service costs for health and education debt through various grant formulas. In 1983/84 these contributions totalled approximately $297 million or 80 per cent of the debt service costs. The Government also pays a portion of the debt service costs of some economic development enterprises. No such contribution is made for utilities.

As a result of Government financing policies $3.4 billion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Government ($3.9 billion) are subject to redemption on six months' notice by the Federal Minister of Finance.

Between the year end and August 15, 1984 there have been additional debt issues net of redemptions guaranteed by the Province totalling $78.6 million.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT

Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT*, 1981
For the Fiscal Year Ended March 31, 1984

PUBLIC DEBT

Public debt represents direct debt obligations of the Province of British Columbia resulting from certificates of indebtedness that have not yet become due. The Lieutenant Governor in Council authorizes the Minister of Finance to borrow money by the issue and sale of securities for the Province of British Columbia and for the purpose of lending it to Provincial Crown corporations and certain local government bodies in his capacity as fiscal agent.

I For the Purpose of the Province of British Columbia

	April 1/83	Issues	Retirements	March 31/84	Net increase or (decrease) 1984	1983
	$	$	$	$	$	$
Short Term Promissory Notes		95,737,500		95,737,500	95,737,500	
Treasury Bills	700,000,000	3,120,000,000	3,040,000,000	780,000,000	80,000,000	700,000,000
Province of British Columbia Notes and Bonds	183,147,790	575,000,000	26,100,000	732,047,790	548,900,000	
Total	883,147,790	3,790,737,500	3,066,100,000	1,607,785,290	724,637,500	700,000,000

Short Term Promissory Notes

Short term promissory notes are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Short term promissory notes are issued under the authority of the *Financial Administration Act* and an Order of the Lieutenant Governor in Council.

Short term promissory notes (the "Notes") have the following characteristics:

—The principal amount of Notes outstanding at any time, for the purpose of both the Province of British Columbia and Fiscal Agency arrangements, is not expected to exceed $450,000,000 in Canadian funds.

—The Notes may be issued in bearer or registered form and may either be interest bearing with principal and interest payable at maturity, or be issued at a discount to mature at the principal amount.

—The Notes mature in 365 days or less.

As at March 31, 1984, $95,737,500 in Notes were outstanding. These notes mature at various dates to April 4, 1984 at an annual average interest rate of 10.2514%.

Treasury Bills

Date of Issue	Average Yield	Issues Outstanding April 1/83	Issues		Net Proceeds	Retirements	Issues Outstanding Mar. 31/84
			Par Value	Discount			
	%	$	$	$	$	$	$
January 5, 1983	9.67	50,000,000				50,000,000	
January 12, 1983	9.48	50,000,000				50,000,000	
January 19, 1983	9.63	50,000,000				50,000,000	
January 26, 1983	9.70	50,000,000				50,000,000	
February 2, 1983	9.83	50,000,000				50,000,000	

February 9, 1983	9.61	50,000,000				50,000,000
February 16, 1983	9.15	50,000,000				50,000,000
February 23, 1983	9.27	50,000,000				50,000,000
March 2, 1983	9.17	60,000,000				60,000,000
March 9, 1983	9.31	60,000,000				60,000,000
March 16, 1983	9.18	60,000,000				60,000,000
March 23, 1983	9.23	60,000,000				60,000,000
March 30, 1983	9.18	60,000,000				60,000,000
April 7, 1983	9.27		60,000,000	1,355,930	58,644,070	60,000,000
April 14, 1983	9.22		60,000,000	1,348,850	58,651,150	60,000,000
April 21, 1983	9.27		60,000,000	1,355,280	58,644,720	60,000,000
April 28, 1983	9.17		60,000,000	1,340,900	58,659,100	60,000,000
May 5, 1983	9.09		60,000,000	1,329,400	58,670,600	60,000,000
May 12, 1983	9.07		60,000,000	1,327,200	58,672,800	60,000,000
May 19, 1983	9.09		60,000,000	1,329,780	58,670,220	60,000,000
May 26, 1983	9.27		60,000,000	1,355,900	58,644,100	60,000,000
June 2, 1983	9.35		60,000,000	1,366,820	58,633,180	60,000,000
June 9, 1983	9.38		60,000,000	1,370,800	58,629,200	60,000,000
June 16, 1983	9.23		60,000,000	1,348,950	58,651,050	60,000,000
June 23, 1983	9.24		60,000,000	1,351,750	58,648,250	60,000,000
June 30, 1983	9.21		60,000,000	1,346,450	58,653,550	60,000,000
July 7, 1983	9.27		60,000,000	1,355,840	58,644,160	60,000,000
July 14, 1983	9.26		60,000,000	1,353,950	58,646,050	60,000,000
July 21, 1983	9.25		60,000,000	1,353,050	58,646,950	60,000,000
July 28, 1983	9.26		60,000,000	1,353,800	58,646,200	60,000,000
August 4, 1983	9.36		60,000,000	1,367,650	58,632,350	60,000,000
August 11, 1983	9.50		60,000,000	1,387,920	58,612,080	60,000,000
August 18, 1983	9.37		60,000,000	1,369,850	58,630,150	60,000,000
August 25, 1983	9.33		60,000,000	1,364,350	58,635,650	60,000,000
September 1, 1983	9.27		60,000,000	1,355,100	58,644,900	60,000,000
September 8, 1983	9.29		60,000,000	1,358,150	58,641,850	60,000,000
September 15, 1983	9.25		60,000,000	1,352,300	58,647,700	60,000,000
September 22, 1983	9.24		60,000,000	1,350,400	58,649,600	60,000,000
September 29, 1983	9.24		60,000,000	1,350,400	58,649,600	60,000,000
October 6, 1983	9.23		60,000,000	1,349,500	58,650,500	60,000,000
October 13, 1983	9.23		60,000,000	1,350,550	58,649,450	60,000,000
October 20, 1983	9.21		60,000,000	1,346,550	58,653,450	60,000,000
October 27, 1983	9.22		60,000,000	1,348,750	58,651,250	60,000,000
November 3, 1983	9.23		60,000,000	1,349,400	58,650,600	60,000,000
November 10, 1983	9.31		60,000,000	1,361,150	58,638,850	60,000,000
November 17, 1983	9.37		60,000,000	1,370,200	58,629,800	60,000,000
November 24, 1983	9.33		60,000,000	1,363,600	58,636,400	60,000,000
December 1, 1983	9.45		60,000,000	1,380,450	58,619,550	60,000,000
December 8, 1983	9.69		60,000,000	1,414,960	58,585,040	60,000,000
December 15, 1983	9.86		60,000,000	1,439,950	58,560,050	60,000,000
December 22, 1983	9.80		60,000,000	1,431,200	58,568,800	60,000,000
December 29, 1983	9.78		60,000,000	1,428,610	58,571,390	60,000,000

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT
Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT*, 1981
For the Fiscal Year Ended March 31, 1984—Continued

Date of Issue	Average Yield	Issues Outstanding April 1/83	Issues		Net Proceeds	Retirements	Issues Outstanding Mar. 31/84
			Par Value	Discount			
	%	$	$	$	$	$	$
January 5, 1984	9.76		60,000,000	1,426,000	58,574,000		60,000,000
January 12, 1984	9.76		60,000,000	1,424,600	58,575,400		60,000,000
January 19, 1984	9.74		60,000,000	1,421,850	58,578,150		60,000,000
January 26, 1984	9.72		60,000,000	1,418,950	58,581,050		60,000,000
February 2, 1984	9.76		60,000,000	1,424,750	58,575,250		60,000,000
February 9, 1984	9.77		60,000,000	1,426,260	58,573,740		60,000,000
February 16, 1984	9.77		60,000,000	1,426,700	58,573,300		60,000,000
February 23, 1984	9.80		60,000,000	1,431,600	58,568,400		60,000,000
March 1, 1984	9.84		60,000,000	1,436,600	58,563,400		60,000,000
March 8, 1984	9.90		60,000,000	1,445,320	58,554,680		60,000,000
March 15, 1984	10.30		60,000,000	1,502,200	58,497,800		60,000,000
March 22, 1984	10.44		60,000,000	1,522,150	58,477,850		60,000,000
March 29, 1984	10.53		60,000,000	1,534,740	58,465,260		60,000,000
Total		700,000,000	3,120,000,000	71,977,360	3,048,022,640	3,040,000,000	780,000,000

Treasury bills are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Treasury bills do not pay interest but are sold at a discount and mature at par. The difference between issue price and par at maturity represents the lenders' income in lieu of interest.

Treasury bills have the following characteristics:

—issued at a discount in lieu of interest payments
—maturity: 91 days
—issued in Canadian currency
—transferable
—bought and sold on the open market.

Province of British Columbia Notes and Bonds

Maturity	Issue Date	Rate (%)	Nature	Series	Amount Outstanding Apr. 1/83 $	Issues[1] $	Retirements $	Amount Outstanding Mar. 31/84 $	Interest Payable	Redemption Provisions
Dec. 16, 1985	Dec. 16, 1983	10¼	Notes	PRD		200,000,000		200,000,000	June 16 and December 16	*not redeemable prior to maturity*
Mar. 31, 1988	Mar. 31, 1983	11⅛	Bonds	PRA	26,100,000			26,100,000	March 31 and September 30	*not redeemable prior to maturity*
May 1, 1988	May 1, 1978	9¼	Bonds	BD	157,047,790		26,100,000	130,947,790	May 1 and November 1	*redeemable in whole or in part at any time*
Aug. 23, 1988	Aug. 23, 1983	11½	Notes	PRB		100,000,000		100,000,000	February 23 and August 23	*not redeemable prior to maturity*
Oct. 20, 1993	Oct. 20, 1983	12	Bonds	PRC		150,000,000		150,000,000	April 20 and October 20	*not redeemable prior to maturity*
Dec. 9, 1993	Dec. 9, 1983	12	Bonds	BCEC-1		125,000,000		125,000,000	December 9	*redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied*
Total					183,147,790	575,000,000	26,100,000	732,047,790		

[1]Issued under and pursuant to the *Financial Administration Act*, chapter 15, Statutes of British Columbia, 1981, as amended and an Order of the Lieutenant Governor in Council of the Province of British Columbia.

The aggregate amounts of payments estimated to be required in each of the next five years are:

Fiscal	$
1985	26,100,000
1986	226,100,000
1987	26,100,000
1988	52,200,000
1989	126,547,790

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT

Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT*, 1981
For the Fiscal Year Ended March 31, 1984—Continued

II Fiscal Agency Borrowings

	April 1/83	Issues	Retirements	March 31/84	Net increase or (decrease) 1984	Net increase or (decrease) 1983
	$	$	$	$	$	$
Short Term Promissory Notes		246,313,651	104,413,450	141,900,201	141,900,201	
Province of British Columbia Note, Bonds and Debenture		109,000,000		109,000,000	109,000,000	
Total		355,313,651	104,413,450	250,900,201	250,900,201	

Short Term Promissory Notes

Short term promissory notes are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Short term promissory notes are issued under the authority of the *Financial Administration Act* and an Order of the Lieutenant Governor in Council.

Short term promissory notes (the "Notes") have the following characteristics:

—The principal amount of Notes outstanding at any time, for the purpose of both the Province of British Columbia and Fiscal Agency arrangements, is not expected to exceed $450,000,000 in Canadian funds.

—The Notes may be issued in bearer or registered form and may either be interest bearing with principal and interest payable at maturity, or be issued at a discount to mature at the principal amount.

—The Notes mature in 365 days or less.

As at March 31, 1984, $141,900,201 in Notes were outstanding. These notes mature at various dates to May 8, 1984 at an annual average interest rate of 9.93% for an average term of 32 days. During the year $246,313,651 in Notes were issued at interest rates which varied between 9.375–10.35%.

Province of British Columbia Note, Bonds and Debenture

Maturity	Issue Date	Rate (%)	Nature	Series	Amount Outstanding Apr. 1/83 $	Issues[1] $	Retirements $	Amount Outstanding Mar. 31/84 $	Interest Payable	Redemption Provisions
Jan. 31, 1996	Jan. 31, 1984	12¼	Note	BCJC-3		24,000,000		24,000,000	January 31	*$2,400,000 to be redeemed January 31, 1991–1995 and $12,000,000 January 31, 1996*
Dec. 1, 1998	Dec. 1, 1983	11⅛	Bonds	BCJC-1		50,000,000		50,000,000	December 1	*redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied*

Nov. 10, 2003	Nov. 10, 1983	11.65	Debenture	BCCP-1	10,000,000	10,000,000	May 10 and November 10	*redeemable in whole or in part at the option of the Minister of Finance of Canada*
Jan. 15, 2009	Jan. 15, 1984	8¾	Bonds	BCJC-2	25,000,000	25,000,000	January 15	*redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied*
Total					109,000,000	109,000,000		

[1] Issued under and pursuant to the *Financial Administration Act*, chapter 15, Statutes of British Columbia, 1981, as amended and an Order of the Lieutenant Governor in Council of the Province of British Columbia.

The aggregate amounts of payments estimated to be required in each of the next five years to meet sinking fund or retirement provisions are:

Fiscal	$
1985	218,520
1986	218,520
1987	218,520
1988	218,520
1989	218,520

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF MONEY REFUNDED UNDER PROVISIONS OF SECTION 13 OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	$
Attorney General:	
Land Title Registration Fees	430,004
Consumer and Corporate Affairs:	
Liquor Licensing Receipts	7,800
Liquor Licensing Appeals	1,300
Real Estate Act	22,600
Insurance Act	13,644
Mortgage Brokers Act	550
Securities Act	19,992
Motor Dealer Act	18,988
Rentalsman Filing Fees	110
Credit and Debtor Assistance Fees	100
Motor Dealers' Licensing Fees	1,736
	86,820
Environment:	
Map Sales	3,339
Water Rentals and Recording Fees	25,961
	29,300
Finance:	
Tobacco Tax	156
Real Property Tax	4,309,068
Fire Services	32,815
	4,342,039
Forests:	
Harvesting—Stumpage	9,017
Harvesting Rental and Fees	740
Miscellaneous Revenue	9,968
Overpayments	79,195
	98,920
Health:	
Emergency Health Services Commission Ambulance Fees	16,613
Speech and Hearing	22,303
Third Party Liability	109,267
Miscellaneous Revenue	2,475
	150,658
Lands, Parks and Housing:	
Land Leases, Rentals and Fees	307,116
Land Sales	47,251
Land Branch Suspense	66,343
Park Licences and Permits	281
	420,991
Transportation and Highways:	
Miscellaneous	24,151
Total: 1983/84	5,582,883
Total: 1982/83	3,607,856

Note: Section 13 of the *Financial Administration Act*, 1981 authorizes money to be refunded under the following conditions:

(a) "Money received by the government that is erroneously paid or collected, or
(b) for any purpose that is not fulfilled."

These payments are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF ASSETS AND UNCOLLECTIBLE DEBTS WRITTEN OFF UNDER PROVISION OF SECTION 14 OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	$
Agriculture and Food:	
Miscellaneous Service Fees	530
Attorney General:	
Provincial Court Fines and Fees	432,094
Miscellaneous	1,655
	433,749
Consumer and Corporate Affairs:	
Miscellaneous	561
Environment:	
Map Sales	6,727
Finance:	
Social Service Tax	3,213,666
Real Property Tax	820,713
Corporation Capital Tax	128,687
Hotel Room Tax	37,192
Logging Tax	13,335
Miscellaneous	1,021
	4,214,614
Forests:	
Stumpage Revenue	4,830
Health:	
Patient Maintenance	2,767,933
Miscellaneous—Supply and Services	95,095
	2,863,028
Industry and Small Business Development:	
Travel Industry Development Subsidiary Agreement Loans	648,852
Tourism:	
Miscellaneous	255
Transportation and Highways:	
Permits—oversize carriers	5,422
Miscellaneous	23,727
	29,149
Total: 1983/84	8,202,295
Total: 1982/83	15,358,602

Note: Section 14 of the *Financial Administration Act*, 1981 authorizes an asset, a debt or an obligation to be written off if it is unrealizable or uncollectible. These write-offs are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
STATEMENT OF DEBTS EXTINGUISHED PURSUANT TO SECTION 15 OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	$
Environment:	
Conservation Fund Loan Principal—O.I.C. 1698/79	3,802
Total: 1983/84	3,802
Total: 1982/83	7,604

Note: Section 15 of the *Financial Administration Act*, 1981 authorizes the Lieutenant Governor in Council to forgive in whole or in part, a debt or obligation that is due and owing to the Government.

SCHEDULE OF REMISSIONS UNDER PROVISIONS OF SECTION 16 (1) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	$
Energy, Mines and Petroleum Resources:	
Coal Royalties Interest	131,911
Finance:	
Social Service Tax	80,697
Real Property Tax	75,211
Income Tax	150
	156,058
Total: 1983/84	287,969
Total: 1982/83	13,420

Note: Section 16 (1) of the *Financial Administration Act*, 1981 authorizes the Lieutenant Governor in Council to remit:

(a) "any tax, royalty, fee or other sum that is paid or payable to the government and that is imposed or authorized to be imposed by an enactment, or

(b) any forfeiture, fine or pecuniary penalty imposed or authorized to be imposed by an enactment, notwithstanding that the whole or part of it is payable to another person"

where he "considers it in the public interest to do so . . . where great public inconvenience, great injustice or great hardship to a person has occurred or is likely to occur." These remissions are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PAYMENTS BASED ON CONTRIBUTIONS PURSUANT TO SECTION 22 (2) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Ministry / Agreement Description	$
Agriculture and Food:	
Crop Insurance	526,022
Education:	
National Training Agreement—Skill Growth Fund	2,750,000
Language Textbook Agreement—Additional Textbooks	130,474
National Training Agreement—Additional Vocational Training	2,000,000
Canadian Official Languages Programs	4,815,591
Status Indian Children Education	31,069,542
Department of National Defence Children Education	2,570,832
	43,336,439
Energy, Mines and Petroleum Resources:	
British Columbia Utilities Commission	781,095
Conservation and Renewable Energy Agreement—B.C.R. Anzac Line Electrification	2,500,000
N.O.R.P. Oil Program	13,671,132
	16,952,227
Environment:	
Joint Emergency Planning Project	16,226
Homathko Development Air Studies	31,855
Ambient Air Monitoring	86,332
British Columbia Hydro Stikine River Basin Agreement	18,180
Federal-Provincial Mapping Projects	21,733
Municipal Base Mapping	156,289
Environmental Lab—Analytical Tests	23,449
	354,064
Forests:	
British Columbia Railway—Tachgeda Lake	22,729
Lightning Locator System	1,546
Biomass Project	207,587
Yukon Territory Fire Suppression	491,530
	723,392
Health:	
Out-of-Province Hospital Insurance Reciprocal Agreements	10,030,948
Strongyloides Survey	993
Parasitology Consulting	3,556
Richmond Health Services	352,550
	10,388,047
Lands, Parks and Housing:	
Winter Cove	35,655
Westmin Resources	98,893
	134,548
Provincial Secretary and Government Services:	
Historic Site Survey	19,551
Artifact Purchases	9,921
Artifact Carving Purchases	28,391
Public Archives Canada Film and Graphics	10,000
British Columbia Heritage Trust Administration	34,605
Public Library Books—Field	43,590
Staff Training—Canadian Heritage Information Network	854
	146,912
Total: 1983/84	72,561,651
Total: 1982/83	20,635,175

Note: Section 22 (1) of the *Financial Administration Act*, 1981 authorizes payments "where under an Act, agreement or undertaking:

(a) money is payable to the government, or

(b) money has been received by the government,

for the purpose of or as a contribution towards expenditures . . . received by the government."

These payments are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES PURSUANT TO SECTION 54 (3) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	Total Lease Payments
	$
Lease of 70-automobile ferry, *M.V. Quinsam* at $81,130 per month	
Initial term—April 1, 1984 to March 31, 1985	973,560
First option—April 1, 1985 to September 30, 1987	2,433,900
Second option—October 1, 1987 to March 26, 1997	9,248,820
Purchase option, March 26, 1997	310,000
	12,966,280
Lease of Multi-Plan telephone equipment	
Various leases to January, 1989	1,480,499
Total: 1983/84	14,446,779
Total: 1982/83	13,939,840

Note: Section 54 (3) of the *Financial Administration Act*, 1981 requires disclosure of the financial obligations of the government under a lease where substantially all of the risks and benefits of ownership of the property have been transferred to the government. These contracts are reflected in the Public Accounts in accordance with the Province's accounting policies.

SCHEDULE OF PAYMENTS MADE TO HONOUR GUARANTEES PURSUANT TO SECTION 58 (3) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Description of Item	$
Farm Products Industry Act:	
Bulkley Valley Argo Development 1980 Ltd.	100,000
Kootenay Dehydrators Ltd.	1,407,625
	1,507,625
Agricultural Credit Act:	
Westerly Fish Farms Ltd.	156,646
W.J. Boughen & Sons Ltd.	204,645
Mad G. Ranch (1980) Ltd.	27,500
Pacific Oyster Ltd.	71,516
P & L Molenaar	115,968
C & J. Happel	202,311
Bulkley Valley Growers Ltd.	45,286
Echo Valley Ranch Ltd.	115,604
A & L Penny	69,201
	1,008,677
Total: 1983/84	2,516,302
Total: 1982/83	388,188

Note: Section 58 (3) of the *Financial Administration Act*, 1981 authorizes payments to honour guarantees and indemnities where the Government has entered into an agreement to give a guarantee in connection with the issue and sale of securities. These payments are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF INVESTMENT PORTFOLIO
PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981
AS AT MARCH 31, 1984

	1984			1983
	Temporary Investments	Long-Term Investments	Total	Total
	$	$	$	$
Obligations of or guaranteed by Canada	67,925,493		67,925,493	40,107,888
Obligations of or guaranteed by a Province	42,403,086	74,384,381	116,787,467	156,323,714
Obligations of or guaranteed by a savings institution	313,138,805		313,138,805	305,268,969
Total	423,467,384	74,384,381	497,851,765	501,700,571
Held as follows:				
Temporary investments (Note 2)	423,467,384		423,467,384	426,388,136
Investments in and advances to Crown corporations (Note 8)				
British Columbia Hydro and Power Authority		8,073,595	8,073,595	8,070,096
British Columbia Railway Company		10,235,000	10,235,000	10,235,000
Other assets (Note 11)				
British Columbia Housing and Employment Development Financing Authority				935,838
British Columbia Regional Hospital Districts Financing Authority bonds		12,000,000	12,000,000	12,000,000
British Columbia School Districts Capital Financing Authority bonds		44,075,786	44,075,786	44,071,501
Total	423,467,384	74,384,381	497,851,765	501,700,571

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF INVESTMENT PORTFOLIO
PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981
AS AT MARCH 31, 1984—Continued

Temporary Investments — at cost		1984		1983
		$	$	$
Obligations of or guaranteed by Canada:				
Government of Canada Treasury Bills			60,725,493	40,107,888
Government of Canada Bonds			7,200,000	
			67,925,493	40,107,888
Obligations of or guaranteed by a Province:				
British Columbia Assessment Authority				3,950,000
British Columbia Buildings Corporation		12,767,326		50,000,000
British Columbia Development Corporation		311,700		6,659,219
British Columbia Ferry Corporation				302,060
British Columbia Housing and Employment Development Financing Authority				935,838
British Columbia Railway Company		10,324,000		
British Columbia Steamship Company (1975) Ltd.				100,000
British Columbia Transit				20,000,000
New Brunswick		19,00[illegible]80		
			42,403,086	81,947,117
Obligations of or guaranteed by a savings institution:				
Canadian Imperial Bank of Commerce		34,391,869		54,109,610
Royal Bank of Canada		28,102,280		43,480,303
Bank of Montreal		38,417,785		22,636,492
Toronto Dominion Bank		19,106,000		84,419,203
Bank of Nova Scotia		113,682,090		12,998,936
Bank of British Columbia		4,953,150		
Mercantile Bank		3,474,065		561,320
Canadian Commercial Bank		3,282,397		8,000,000
Crown Trust				1,089,348
Royal Bank Mortgage				22,037,541
Toronto Dominion Mortgage		49,870,250		15,034,745
Commerce Mortgage Corporation				15,003,863
Continental Bank of Canada		1,804,803		
Royal Trust		98,116		11,198,411
First Bank		15,856,000		
Canada Permanent Trust				2,123,493
National Trust				1,875,704
Bank of America				4,200,000
First City Trust		100,000		
National Westminster of Canada				6,500,000
			313,138,805	305,268,969
Total			423,467,384	427,323,974

Long-Term Investments	Dates of Maturity	Par Value	Adjusted Cost	Adjusted Cost
		$	$	$
Obligations of or guaranteed by a Province:				
British Columbia Hydro and Power Authority	2001-2004	8,141,000	8,073,595	8,070,096
British Columbia Railway Company	1999	10,235,000	10,235,000	10,235,000
British Columbia Regional Hospital Districts Financing Authority	1991-1992	12,000,000	12,000,000	12,000,000
British Columbia School Districts Capital Financing Authority	1988-1992	44,092,000	44,075,786	44,071,501
Total		74,468,000	74,384,381	74,376,597

SECTION C

CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE

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CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE FOR THE FISCAL YEAR ENDED MARCH 31, 1984

PREAMBLE

Consolidated Financial Statements aggregate the Combined Financial Statements (Consolidated Revenue Fund), and certain Crown corporations: namely, those Crown corporations which exist to service the Government ("service" corporations) and those Crown corporations which conduct Government activities and complement Government programs ("provincial" corporations). These corporations are more fully described in Note 1 to these Consolidated Financial Statements. The financial statements of those Crown corporations which have been consolidated have been adjusted to the Government's accounting policies upon consolidation to provide consistent reporting.

Crown corporations which are similar to commercial enterprises and run on commercial lines (termed "transportation" companies and "commercial" enterprises) have not been consolidated; the Government's investment in those enterprises has simply been adjusted to reflect the underlying equity in them without adjusting the financial statements of such enterprises to conform with the Government's accounting policies.

These Consolidated Financial Statements are presented to disclose the economic impact of the Government and the state of its finances in a manner that will assist in the assessment of these matters.

REPORT OF THE AUDITOR GENERAL ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE PUBLIC ACCOUNTS OF THE PROVINCE OF BRITISH COLUMBIA

Province of British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia

I have examined the Consolidated Financial Statements of the Government of the Province of British Columbia for the fiscal year ended March 31, 1984 as presented in Section C of the Public Accounts, and the related supplementary schedules contained in sub-sections C24 through C29. These financial statements are:

Consolidated Balance Sheet
Consolidated Statement of Taxpayers' Equity
Consolidated Statement of Operating Results
Consolidated Statement of Changes in Cash and Temporary Investments

(including Notes to Consolidated Financial Statements)

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these consolidated financial statements present fairly the financial position of the Government of the Province of British Columbia as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended on a consolidated basis in accordance with the stated accounting policies as set out in Note 1 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

I emphasize that this report is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately on other matters resulting from my examination that I consider should be brought to the attention of the Legislative Assembly. That report will be presented at a future date.

Erma Morrison

Victoria, British Columbia
31 August 1984

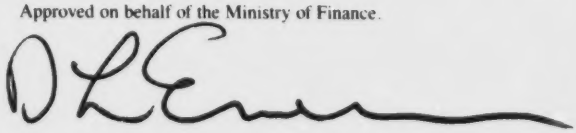
ERMA MORRISON, F.C.A.
Auditor General

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1984

	1984	1983
ASSETS	$	$
Cash and temporary investments (note 2)	272,994,980	314,370,450
Accounts receivable (note 3)	807,433,628	655,376,464
Due from Crown corporations and agencies (note 4)	1,502,000	1,502,000
Mortgages receivable (note 5)	273,055,381	258,368,058
Prepaid program costs (note 6)	180,416,477	157,476,907
Inventories (note 7)	42,772,910	45,375,731
Investments in Crown corporations—at equity (note 8)	794,990,087	674,625,164
Fiscal Agency loans (note 9)	90,078,940	
Property under development (note 10)	62,581,543	64,502,224
Fixed assets (note 11)	1	1
Other assets (note 12)	344,142,743	381,318,392
	2,869,968,690	**2,552,915,391**
LIABILITIES		
Accounts payable and accrued liabilities (note 13)	868,386,644	654,989,496
Due to Crown corporations and agencies (note 14)	11,404,779	10,418,307
Deferred revenue (note 15)	248,704,075	139,848,213
Public debt (note 16)	2,595,298,612	1,631,048,178
	3,723,794,110	**2,436,304,194**
TAXPAYERS' EQUITY		
Taxpayers' equity (deficiency)	**(853,825,420)**	**116,611,197**
	2,869,968,690	**2,552,915,391**
CONTINGENCIES AND COMMITMENTS (note 17)		
Guaranteed Debt	**12,075,777,790**	**10,824,971,666**
TRUST FUNDS (section D)	**9,760,933,014**	**8,024,962,079**

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance.



D. L. EMERSON
Deputy Minister of Finance and
Secretary of Treasury Board

D. B. MARSON
Comptroller General

CONSOLIDATED STATEMENT OF TAXPAYERS' EQUITY FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984			1983
	Government and Consolidated Enterprises	Transportation and Commercial Enterprises	Total	Total
	$	$	$	$
Taxpayers' equity (deficiency)—beginning of year	(420,878,159)	537,489,356	116,611,197	1,357,809,027
Consolidated operating results for the year				
Net revenue (expenditure) for the year	(1,045,123,656)		(1,045,123,656)	(1,218,317,259)
Increase (decrease) in unremitted equity of transportation companies and commercial enterprises		74,687,039	74,687,039	(22,880,571)
Taxpayers' equity (deficiency)—end of year	(1,466,001,815)	612,176,395	(853,825,420)	116,611,197

The accompanying notes and supplementary schedules are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF OPERATING RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984				1983
	Consolidated Revenue Fund (B 8)	Consolidated Crown Corporations (C 25)	Transfers Between Consolidated Revenue Fund and Crown Corporations	Total	Total
Revenue	$	$	$	$	$
Taxation	4,063,450,775			4,063,450,775	3,869,668,544
Natural resources	678,687,779	43,326		678,731,105	542,582,206
Other	477,909,287	357,352,464		835,261,751	834,228,162
Contributions from Government enterprises	351,544,291	739,612,549	(783,125,549)	308,031,291	277,383,536
Contributions from Federal Government	1,772,680,663	80,000		1,772,760,663	1,215,699,054
Total revenue	7,344,272,795	1,097,088,339	(783,125,549)	7,658,235,585	6,739,561,502
Expenditure					
General government	347,870,773		(37,315)	347,833,458	342,089,886
Protection of persons and property	370,250,389	17,327,742	(13,886,163)	373,691,968	358,209,155
Transportation and communications	799,758,256	75,484,710	(2,893,695)	872,349,271	596,918,511
Health and social services	3,889,616,383	906,880,383	(682,583,218)	4,113,913,548	3,768,048,566
Recreation and cultural services	56,492,846	16,167,279	(11,012,021)	61,648,104	58,476,103
Education	1,750,570,394	4,488,230	(4,067,710)	1,750,990,914	1,668,557,865
Natural resources and primary industries	436,541,766		(75,000)	436,466,766	455,090,056
Trade and industrial development	54,169,621	63,974,555	(6,138,572)	112,005,604	141,484,741
Housing	87,304,073	36,404,227	(20,031,855)	103,676,445	132,765,371
Aid to local government	307,911,483	1,907,393		309,818,876	309,298,294
Interest on public debt	112,594,092			112,594,092	28,329,459
Other	150,770,195		(42,400,000)	108,370,195	98,610,754
Total expenditure	8,363,850,271	1,122,634,519	(783,125,549)	8,703,359,241	7,957,878,761
Net Revenue (Expenditure) For The Year	(1,019,577,476)	(25,546,180)		(1,045,123,656)	(1,218,317,259)
Increase (decrease) in Unremitted Equity of Transportation Companies and Commercial Enterprises (C 27)				74,687,039	(22,880,571)
Consolidated Net Revenue (Expenditure) for the Year				(970,436,617)	(1,241,197,830)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN CASH AND TEMPORARY INVESTMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984		1983	
	$		$	
Balance—Beginning of Year		314,370,450		771,865,030
Operating Transactions				
Revenue	7,658,235,585		6,739,561,502	
Expenditure	8,703,359,241		7,957,878,761	
Net expenditure	(1,045,123,656)		(1,218,317,259)	
Increase (decrease) in unremitted equity of transportation companies and commercial enterprises	74,687,039		(22,880,571)	
Consolidated Net Revenue (Expenditure)	(970,436,617)		(1,241,197,830)	
Add (deduct):				
Non-cash items included in net revenue[1]	(33,993,147)		(137,251,267)	
Cash items applicable to future operations				
—Change in prepaid program costs	(22,939,570)		(84,628,577)	
—Change in deferred charges	49,316,810		(62,507,936)	
—Change in deferred revenue	108,855,862		32,494,598	
	135,233,102		(114,641,915)	
Used for operations		(869,196,662)		(1,493,091,012)
Financing Transactions				
Receipts:				
Mortgage principal repayments	42,662,273		24,037,640	
Repayment of investments in Crown corporations—at equity	849,652		10,000,000	
Property sales	34,259,828		1,504,538	
Repayments of other assets	194,981,006		15,321,778	
Debt issues of consolidated entities	4,203,053,602		1,429,585,813	
	4,475,806,361		1,480,449,769	
Disbursements:				
Mortgages issued	57,349,596		93,101,563	
Investments in Crown corporations—at equity	22,292,151		15,481,000	
Fiscal Agency loans	90,078,940			
Investments in other assets	207,122,167		47,743,320	
Property purchases	32,339,147			
Debt retirement	3,238,803,168		288,527,454	
	3,647,985,169		444,853,337	
Derived from financing transactions		827,821,192		1,035,596,432
Decrease in Cash and Temporary Investments		(41,375,470)		(457,494,580)
Balance—End of Year		272,994,980		314,370,450

[1] Non-Cash Items Included in Consolidated Net Revenue (Expenditure)

Change in accounts receivable	(152,057,164)	(136,636,298)
Change in amounts due from Crown corporations		15,604,142
Change in inventories	2,602,821	(7,265,146)
Change in accounts payable and due to Crown corporations	214,383,620	(31,834,536)
Change in investments in Crown corporations—at equity:		
—Shares	(24,235,385)	
—Unremitted equity	(74,687,039)	22,880,571
	(33,993,147)	(137,251,267)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

1. Significant Accounting Policies

(a) Reporting Entity

These financial statements include the accounts of the following entities which have been consolidated for reporting purposes:

(i) the General Fund, which includes all transactions of the Government not otherwise earmarked by legislative action, including the accounts of the British Columbia Liquor Distribution Branch, the Queen's Printer and the Purchasing Commission;

(ii) the Special Funds, which comprise all amounts set aside from the General Fund by special disposition of the Legislature for specific purposes;

(iii) Crown Service corporations, which are considered to be extensions of existing Government programs; and

(iv) certain Provincial corporations and agencies which are considered to support existing Government programs.

Certain Crown corporations which have been identified as transportation and commercial enterprises, and which are intended to be run on commercial lines, are recorded in these financial statements on an equity basis. A schedule of entities recorded on a consolidated or equity basis may be found on page C 24.

Separate financial statements for all entities which have been either consolidated or recorded on an equity basis in these financial statements are included in Section G of the Public Accounts.

The Province's four capital financing authorities are not recorded in these financial statements because they are designed to finance institutions managed by separately elected and appointed authorities. Also excluded are health and educational institutions which are legally distinct from Government and whose boards are required to report separately on their stewardship.

The Workers' Compensation Board of British Columbia has neither been consolidated nor recorded on an equity basis because it carries on a quasi-insurance activity funded by contributions from employers and it is not intended to be run on commercial lines. Similarly, the activities of the Insurance (Motor Vehicle) Act Fund have neither been consolidated nor recorded on an equity basis because it operates as a self-sustaining entity.

Financial statements for all major Provincial government entities as well as those for all public bodies which are audited by the Auditor General are included in Section G of the Public Accounts.

In addition, the Consolidated balance sheet discloses, on a memorandum basis, Trust Funds which include trust deposits, sinking funds, certain assurance funds and superannuation funds administered by the Government but over which it has no power of appropriation. Details of Trust Funds are contained in Section D of the Public Accounts.

(b) Principles of Consolidation

The accounts of the Crown Service and Provincial corporations are consolidated with the General Fund and Special Funds after adjusting them to conform with the accounting policies described below. Inter-company accounts and inter-fund revenue and expenditure transactions are eliminated upon consolidation.

The transportation and commercial enterprises which maintain their accounts in accordance with accounting principles applicable to commercial entities, are included on an equity basis without adjusting them to conform with the accounting policies described below. Inter-company accounts and transactions are not eliminated. However, profit elements included in such transactions, including certain increases in contributed surplus, are eliminated.

No adjustments are made on consolidation to those consolidated entities whose fiscal year-ends are not the same as that of the Government, where the effect of adjustment would not be significant to the consolidated operating results.

(c) Basis of Accounting

The accrual basis of accounting is used which, for these Consolidated financial statements, is specifically expressed as follows:

Revenue:

All revenues are recorded on an accrual basis except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable. The exceptions, which normally relate to certain payments to the Province under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*, are recorded on a cash basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

1. Significant Accounting Policies—Continued

Expenditure:

All expenditures, including the cost of fixed assets, are recorded for goods received and services rendered during the year. Accumulated employee sick leave, vacation and other entitlements are recorded as expenditures in the accounts when paid. With this exception, expenditures are recorded on an accrual basis.

Grants are recorded as expenditures. Conditional or fee for service types of grants are expensed when the goods or services have been received or when conditions of a contract have been fulfilled. Unconditional grants, which do not require fulfillment of any terms of a contract before payment, are expensed at the time the funds are disbursed.

Recoveries of expenditures may be permitted as a credit to the appropriate expenditure account when:

(i) they can be specifically identified with the expenditure transactions and payment has actually been made from an appropriation;
(ii) they have been properly disclosed in the *Estimates* or Treasury Board approval has been given; and
(iii) the expenditure to which they relate was incurred in the same fiscal year.

Assets:

All assets are recorded to the extent that they represent claims upon outside parties or items held for resale to outside parties as a result of events and transactions prior to the year-end. Rental payments for leases which transfer the benefits and risks incident to the ownership of certain assets are reported as expenditures at the dates of inception of the leases.

Liabilities:

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end unless hedged by forward contracts which specify the rate of exchange. Foreign currency transactions are translated to Canadian dollars at the exchange rate prevailing at the date of the transaction. Adjustments arising as a result of foreign currency translation are charged or credited to expenditure at the time the adjustments arise.

(d) Specific Policies

Cash and Temporary Investments

Cash balances are shown after deducting outstanding cheques issued prior to the year-end. Those issued subsequent to the year-end relating to the previous year are included with accounts payable.

Temporary investments represent short-term investments, including those in Crown corporations, made to obtain a return on a temporary basis.

Temporary investments are recorded at the lower of cost or market value.

Accounts Receivable

All amounts receivable at the year-end for work performed, goods supplied or services rendered are recorded as part of the revenue of the fiscal year. Provision is made where collectibility is considered doubtful.

Due From Crown Corporations and Agencies

Amounts due from Crown corporations and agencies represent advances which will be realized in the following year. Provision is made where collectibility is considered doubtful.

Mortgages Receivable

Mortgages receivable are secured by real estate and are repayable over periods ranging up to thirty years. Provision is made where collectibility is considered doubtful.

Prepaid Program Costs

Prepaid program costs represent expenditures made during the fiscal year for work to be performed, goods to be supplied, services to be rendered or contractual obligations to be fulfilled by outside parties in a subsequent fiscal year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

1. Significant Accounting Policies—Continued

Inventories

Inventories comprise items held for resale and are recorded at the lower of cost or net realizable value. Inventories of supplies are charged to the respective programs when the cost is incurred.

Investments in Crown Corporations—at Equity

Investments in those Crown corporations which have been identified as Transportation companies and Commercial enterprises and which are intended to be run on commercial lines are recorded on an equity basis of accounting. Under this method the Province records its investments (including long-term advances) at cost, adjusted for increases and decreases in the investees' net assets. Since the Government ensures the ongoing activities of these enterprises, full account is taken of losses in the investee companies, even where the cumulative losses exceed the original investment.

Fiscal Agency Loans

Fiscal agency loans represent borrowings by the Province on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chap. 15). These loans are recorded at maturity value less unamortized discount.

Property Under Development

Property under development is comprised of all property which will eventually be sold to outside parties. Such property is recorded at the lower of cost or net realizable value.

Fixed Assets

Disbursements for fixed assets are recorded as expenditures in the year the assets are received. Consistent with the reporting of fixed assets as expenditures, highways, bridges, wharves, ferries and ferry landings, buildings, office equipment, furniture, automobiles and 76 million hectares (293,000 square miles) of Crown land comprised of parks, forests and all other publicly held land in the Province are recorded at a nominal value of $1.

Other Assets

Other assets include deferred charges and loans, investments and advances of a miscellaneous nature which are recorded at cost adjusted for any prolonged impairment in value.

Accounts Payable and Accrued Liabilities

All amounts payable for work performed, goods supplied, services known to have been rendered or for charges incurred in accordance with the terms of a contract are recorded as part of the expenditure of the fiscal year.

Due to Crown Corporations and Agencies

Amounts due to Crown corporations and agencies represent liabilities incurred which are repayable in the following year.

Deferred Revenue

Deferred revenue represents amounts received prior to the year-end in payment of revenue that will be earned in subsequent fiscal years.

Public Debt

Public debt represents direct debt obligations on behalf of the Province of British Columbia and government bodies and direct debt obligations of consolidated Crown corporations.

Guaranteed Debt

Guaranteed debt represents debt of municipalities and other local governments, Crown corporations, agencies and private enterprises explicitly guaranteed by the Province under the authority of a statute as to net principal and accrued interest outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

2. Cash and Temporary Investments

Included in temporary investments are bonds and notes of certain Crown corporations amounting to $5,635,760 (1983: $27,061,279).

3. Accounts Receivable

	1984	1983
	$	$
Government of Canada	151,778,079	36,746,297
British Columbia municipalities—*re*: shared-cost programs	31,428,001	31,452,207
Taxes receivable	225,422,215	199,267,254
Timber royalty, stumpage and range fees	47,231,067	43,005,413
School districts, library districts, improvement districts, water districts, co-operative associations, local areas and other	189,455,176	193,444,050
Ministerial advances and sundry agencies	4,009,094	3,928,265
Trade accounts and other receivables of the:		
Crown Land	1,529,832	1,578,836
British Columbia Liquor Distribution Branch	1,134,257	586,537
Queen's Printer	131,240	208,827
Lottery Fund	9,363,698	8,100,431
Farm Income Assurance Fund	14,112,342	22,096,749
First Citizens Fund	5,210	
University Endowment Lands Administration	90,432	
Accrued interest receivable	13,093,097	11,743,546
Land sales—principal	3,356,853	4,659,831
Water rental and recording fees	985,041	510,368
Court fees	4,303,476	4,192,040
Sundry fees	23,792,668	18,805,193
Recoveries from Crown corporations	10,840,849	21,297,391
Financial Administration Act, sec. 22	10,236,611	7,643,822
Accounts receivable of consolidated Crown corporations:		
British Columbia Buildings Corporation	2,294,000	2,764,000
British Columbia Health Care Research Foundation	179,248	122,805
British Columbia Heritage Trust	59,974	68,292
British Columbia Housing Management Commission	4,242,002	8,938,565
British Columbia Petroleum Corporation	52,206,188	30,245,174
British Columbia Place Ltd.	1,129,000	1,340,000
British Columbia Systems Corporation	1,178,220	703,097
Creston Valley Wildlife Management Authority Trust Fund	3,319	
Discovery Foundation	149,568	164,709
Expo 86 Corporation	798,808	25,976
Health Facilities Association of British Columbia	498,488	796,716
Knowledge Network of the West Communications Authority	12,439	24,659
Legal Services Society	28,083	51,321
Medical Services Commission of British Columbia	1,666,579	673,232
Provincial Capital Commission	44,285	140,602
Science Council of British Columbia	35,096	50,259
Universities Council	2,615	
W.L.C. Developments Ltd.	606,478	
	807,433,628	655,376,464

4. Due From Crown Corporations and Agencies

	1984	1983
	$	$
Workers' Compensation Board of British Columbia	1,502,000	1,502,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

5. Mortgages Receivable

	1984	1983
	$	$
Crown Land—first mortgages, fully secured, with terms of up to 30 years and interest rates varying from 4% to 22¼%	39,210,300	36,017,100
Provincial Home Acquisition—first and second mortgages pursuant to the *Provincial Home Acquisition Act* and the *Home Conversion and Leasehold Loan Act*, fully secured, with terms of up to 25 years and interest rates varying from 8¼% to 15% (net of provision for doubtful recoveries of $2,000,000; 1983 $500,000)	225,955,629	214,298,039
Mortgages receivable of the following Crown corporations:		
British Columbia Heritage Trust	153,782	154,696
British Columbia Place Ltd.	2,689,000	2,655,000
Health Facilities Association of British Columbia	5,046,670	5,243,223
	273,055,381	258,368,058

6. Prepaid Program Costs

	1984	1983
	$	$
British Columbia Petroleum Corporation, prepaid gas	105,818,083	65,536,556
Guaranteed Available Income for Need Act	62,743,055	56,831,444
Hospital Insurance Act		23,333,800
Other	11,855,339	11,775,107
	180,416,477	157,476,907

7. Inventories

	1984	1983
	$	$
British Columbia Liquor Distribution Branch	37,244,846	39,893,813
Ministry of Education	707,721	275,716
Ministry of Environment	519,080	559,517
Ministry of Finance	2,425,820	2,425,820
Ministry of Health	1,020,312	1,196,036
Ministry of Labour	198,141	164,643
Ministry of Municipal Affairs	2,745	1,500
Ministry of Provincial Secretary and Government Services	654,245	858,686
	42,772,910	45,375,731

8. Investments in Crown Corporations —at equity

	1984			1983
	Shares and Advances	Unremitted Equity	Total	Total
	$	$	$	$
British Columbia Cellulose Company	2	2,916,578	2,916,580	3,879,075
British Columbia Development Corporation	75,538,300	(20,932,464)	54,605,836	58,334,299
British Columbia Ferry Corporation	6,851,185	(13,708,000)	(6,856,815)	7,138,509
British Columbia Harbours Board				21,997,000
British Columbia Hydro and Power Authority	8,073,595	545,000,000	553,073,595	501,891,096
British Columbia Railway Company	37,350,601	93,919,000	131,269,601	40,554,001
British Columbia Steamship Company (1975) Ltd.	5	937,177	937,182	2,087,813
British Columbia Transit	55,000,000	(8,802,000)	46,198,000	54,410,000
Housing Corporation of British Columbia	1	4,447,000	4,447,001	4,076,001
Insurance Corporation of British Columbia		13,472,000	13,472,000	12,494,000
Ocean Falls Corporation		(2,098,345)	(2,098,345)	(37,203,213)
Pacific Coach Lines Limited	2	(2,382,388)	(2,382,386)	5,556,196
Surrey Farm Products Investments Ltd.	1	(592,163)	(592,162)	(589,613)
	182,813,692	612,176,395	794,990,087	674,625,164

For details of the computation of these figures see pages C 26 and C 27.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

8. Investments in Crown Corporations—at equity—Continued

(a) British Columbia Cellulose Company

During the year ended March 31, 1984 the Legislature passed the *British Columbia Cellulose Company Repeal Act*. The purpose of this Act is to dissolve British Columbia Cellulose Company and transfer all properties and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(b) British Columbia Harbours Board

During the year ended March 31, 1984 the Legislature passed the *British Columbia Harbours Board Repeal Act*. The purpose of this Act was to dissolve the British Columbia Harbours Board and to provide for the transfer of its assets to the British Columbia Development Corporation and the British Columbia Railway Company.

Section 3 of the Act, which provides for the dissolution of the Board, will come into force by regulation of the Lieutenant Governor in Council.

Sections 4 and 5 of the Act, which provide for the transfer of assets and liabilities of the Board to the British Columbia Development Corporation and the British Columbia Railway Company, came into force October 31, 1983 by Order-in-Council. The Order fixed the date of the transfer as October 31, 1983, and established the value of the assets and liabilities to be transferred as that determined by applying the accounting principles used to produce the audited financial statements of the Board for the year ended March 31, 1983.

The Province received for the net assets transferred consideration of 111,156 shares at a par value of $100 per share of British Columbia Railway Company and 121,183 shares at a par value of $100 per share of British Columbia Development Corporation.

(c) British Columbia Railway Company (the Railway)

The Province holds the entire issued share capital of the Railway and, pursuant to the *British Columbia Railway Finance Act* (formerly the *British Columbia Railway Construction Loan Act*), guarantees the payment of the principal and interest on all monies borrowed by the Railway. The historic cost of the shares was $257,688,500 and the amount of the debt (net of sinking funds) guaranteed by the Province was $1,016,407,406 at March 31, 1984.

During the year ended March 31, 1980, the Province's investment, which amounted to $185,572,900 was written down to one dollar and an additional investment of $45 million made in March, 1982 was written off because of the cumulative deficit of the Railway.

During the year ended March 31, 1984, 160,000 shares in the Railway were acquired by the Province at a cost of $16 million in cash and a further 111,156 shares were acquired at a par value of $100 each in exchange for the net railway assets of the British Columbia Harbours Board (*see* Note 8 (b)). In view of the net equity position of the Railway at the time of issue of these shares, their cost is recorded as an asset of the Province.

During the year ended March 31, 1984 the Government provided $70 million to the Railway to be applied against its historic debt service charges for its fiscal year ended December 30, 1983 (*see* Note 20 regarding the debt restructuring of the Railway).

(d) Housing Corporation of British Columbia (the Corporation)

The operations of the Corporation are in the process of voluntary liquidation and the investment of $6,699,760 at March 31, 1980 has been recovered. Pending dissolution the investment is carried at a nominal value of $1 plus unremitted equity of $4,447,000.

(e) Ocean Falls Corporation (the Corporation)

The Province, through the Corporation, is the owner of the newsprint mill and townsite at Ocean Falls, which were acquired in 1973 for a payment of $789,952. In subsequent years, the Province made additional advances to the Corporation which, together with accrued interest, approximated $12 million at March 31, 1980. Because of continuing losses incurred by the Corporation, both the investment and advance were fully provided for in the 1979/80 Public Accounts and written off by Order in Council in the 1980/81 fiscal year.

During the year ended March 31, 1984 the Government provided $36 million to be applied against the bank indebtedness of the Corporation. Excluding the debt to the Province that has been forgiven, the Corporation had outstanding obligations of approximately $4 million at March 31, 1984.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

8. Investments in Crown Corporations—at equity—Continued

During the year ended March 31, 1984 the Legislature passed the *Ocean Falls Repeal Act*. The purpose of this Act is to dissolve the Corporation and to transfer its property and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(f) Pacific Coach Lines Ltd. (the Company)

In the July 7, 1983 Provincial Budget the Honourable Hugh Curtis, Minister of Finance, announced that the Government intended to give the private sector the opportunity to take over functions and activities not appropriate to Government. On March 31, 1984 the operations of the Company ceased and wind-up of the Company is currently in process.

9. Fiscal Agency Loans

	1984		
	Short-Term Promissory Notes	Long-Term Borrowings	Total
	$	$	$
British Columbia Assessment Authority	3,578,940		3,578,940
British Columbia Transit		86,500,000	86,500,000
	3,578,940	86,500,000	90,078,940

Fiscal Agency loans represent borrowings by the Province on behalf of government bodies in accordance with section 41 of the *Financial Administration Act*, which was brought into force on October 1983. The related borrowings information is included in Note 14 on page B 17 and the Schedule of Public Debt on pages B 42 to B 47.

10. Property Under Development

	1984	1983
	$	$
Crown Land—real estate	53,419,774	64,502,224
W.L.C. Developments Ltd.—land	9,161,769	
	62,581,543	64,502,224

11. Fixed Assets

The values of fixed assets listed below are recorded in the accounts of the various consolidated entities, but for the purposes of these consolidated financial statements, the amounts have been reduced to a nominal value of $1 to conform with the accounting policies of the Government.

	1984			1983
	Cost	Accumulated Depreciation and Amortization	Net	Net
	$	$	$	$
British Columbia Buildings Corporation	693,748,000	112,905,000	580,843,000	540,139,000
British Columbia Heritage Trust	905,590		905,590	745,902
British Columbia Housing Management Commission	619,408	536,589	82,819	217,612
British Columbia Petroleum Corporation	484,676	271,521	213,155	256,481
British Columbia Place Ltd.	271,882,000	2,339,000	269,543,000	220,874,000
British Columbia Systems Corporation	57,423,000	8,003,000	49,420,000	52,585,000
Discovery Foundation	9,378,838	333,933	9,044,905	8,861,311
Expo 86 Corporation	51,569,137		51,569,137	2,973,406
Health Facilities Association of British Columbia	73,859,076		73,859,076	
Knowledge Network of the West Communications Authority	2,675,646	1,180,603	1,495,043	1,298,735
Provincial Rental Housing Corporation	88,950,082	12,586,350	76,363,732	77,382,903
W.L.C. Developments Ltd.	525,055		525,055	
	1,252,020,508	138,155,996	1,113,864,512	905,334,350

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

12. Other Assets

	1984	1983
Investments—	$	$
British Columbia Regional Hospital Districts Financing Authority bonds	12,000,000	12,000,000
British Columbia School Districts Capital Financing Authority bonds	44,075,786	44,071,501
British Columbia Resources Investment Corporation	617	617
British Columbia Housing and Employment Development Financing Authority		935,838
Loans under the—		
Farm Product Industry Act	661,277	670,277
Ministry of Industry and Small Business Development Act	55,437,263	27,724,794
Agricultural Land Development Act	18,798,331	19,395,812
Oyster Seed Program	10,567	18,152
Advances—		
City of Penticton	150,000	150,000
British Columbia Central Credit Union under Housing Initiative Program Agreement	96,342,805	172,215,965
Homeowner Assistance Act	72,826,465	39,198,096
Agricultural Land Commission Act	672,952	641,775
Unamortized discount and issue costs on Public Debt	3,784,994	8,720,920
Other	404,493	
Investments and Loans—consolidated Crown corporations		
British Columbia Petroleum Corporation	32,454,594	
Creston Valley Wildlife Management Authority Trust Fund	88,591	
Knowledge Network of the West Communications Authority	1,963,801	1,787,629
Deferred charges—consolidated Crown corporations		
British Columbia Buildings Corporation		43,767,000
British Columbia Petroleum Corporation	246,952	299,506
British Columbia Place Ltd.	875,000	866,000
Discovery Foundation	3,228,513	3,225,660
Expo 86 Corporation		5,506,278
Health Facilities Association of British Columbia	117,964	117,964
Provincial Capital Commission	1,778	4,608
	344,142,743	381,318,392

13. Accounts Payable and Accrued Liabilities

	1984	1983
	$	$
Consolidated Revenue Fund	589,539,315	438,360,154
Accounts payable of consolidated Crown corporations:		
British Columbia Buildings Corporation	49,186,731	44,038,856
British Columbia Health Care Research Foundation	1,863,997	1,642,277
British Columbia Heritage Trust	16,130	26,243
British Columbia Housing Management Commission	3,595,383	1,945,104
British Columbia Petroleum Corporation	70,866,948	24,326,513
British Columbia Place Ltd.	16,435,440	22,387,000
British Columbia Systems Corporation	16,201,817	15,367,485
Creston Valley Wildlife Management Authority Trust Fund	1,296	764
Discovery Foundation	575,764	696,571
Expo 86 Corporation	10,680,747	2,363,182
Health Facilities Association of British Columbia	6,639,292	5,249,514
Knowledge Network of the West Communications Authority	176,172	393,341
Legal Services Society	2,717,305	3,127,363
Medical Services Commission of British Columbia	99,092,106	90,363,868
Provincial Capital Commission	167,487	177,306
Provincial Rental Housing Corporation		4,455,830
Science Council of British Columbia	53,801	42,670
Universities Council	26,252	25,455
W.L.C. Developments Ltd.	550,661	
	868,386,644	654,989,496

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

14. Due to Crown Corporations and Agencies

	1984	1983
	$	$
British Columbia Assessment Authority	256,980	20,470
British Columbia Development Corporation	732,324	927,000
British Columbia Hydro and Power Authority	500,000	
British Columbia Institute of Technology	1,478,407	
British Columbia Transit	1,005,000	
Insurance Corporation of British Columbia		3,896,893
Pacific Vocational Institute	851,743	
Simon Fraser University	1,604,594	1,276,191
University of British Columbia	3,996,736	3,330,684
University of British Columbia Health Sciences Centre		26,473
University of Victoria	978,995	940,596
	11,404,779	10,418,307

15. Deferred Revenue

	1984	1983
	$	$
Taxation—property tax		6,288,520
Natural Resources Revenue—		
Minerals—permits and fees	26,991,000	19,041,000
Water resources—water rentals and recording fees	46,949,385	43,934,002
Timber harvesting, rentals and fees	5,413,518	5,148,615
Forest Protection Agreement	334,535	538,831
Other Revenue—		
Licence Revenue[1]	71,138,000	
Beautiful British Columbia Magazine		1,073,250
Land leases	4,253,164	2,963,212
Land sales	3,207,713	
Miscellaneous sales and services	3,100,531	1,683,399
Contributions From the Federal Government—		
Canada Assistance Plan	23,405,476	7,712,328
Other shared cost programs		2,888,333
Deferred Revenue of consolidated Crown corporations:		
British Columbia Housing Management Commission	117,089	270,480
British Columbia Petroleum Corporation	34,241,135	14,533,618
British Columbia Place Ltd.	1,750,000	536,000
British Columbia Systems Corporation	957,000	1,539,000
Creston Valley Wildlife Management Authority Trust Fund	950	
Discovery Foundation	110,162	69,970
Expo 86 Corporation	1,015,823	
Medical Services Commission of British Columbia	25,708,305	31,619,002
Provincial Capital Commission	10,289	8,653
	248,704,075	139,848,213

[1] Deferred motor vehicle licencing revenue represents amounts received prior to the fiscal year-end that will be earned in a subsequent fiscal year. Prior to this deferral, revenue generated from the sale of motor vehicle licences and permits amounted to $110,965,653 for the year ended March 31, 1984. (*See* page B 29 for licence revenue detail.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

16. Public Debt

	1984				1983
		Less			
	Gross Debt	Sinking Funds Accumulated	Debt Held by Consolidated Entities	Net Debt	Net Debt
	$	$	$	$	$
Debt issued by:					
Consolidated Revenue Fund[1]	1,833,866,226			1,833,866,226	883,147,790
Crown Corporations:					
British Columbia Buildings Corporation[1]	685,700,000	21,857,000	163,768,136	500,074,864	528,612,000
British Columbia Petroleum Corporation	30,000,000			30,000,000	30,000,000
British Columbia Place Ltd.	63,704,000		33,704,000	30,000,000	
British Columbia Systems Corporation	59,226,000	1,275,000		57,951,000	62,811,000
Health Facilities Association of British Columbia	96,031,646	10,600,187		85,431,459	79,765,604
Provincial Rental Housing Corporation	70,955,207		24,361,996	46,593,211	46,711,784
W.L.C. Developments Ltd.	11,381,852			11,381,852	
	2,850,864,931	33,732,187	221,834,132	2,595,298,612	1,631,048,178

Net debt repayment due in the next fiscal year is $1,318 million and due within the next five years is $1,910 million. Details of the various terms of repayment are available in the financial statements of each of the consolidated entities. Refer to Section G for Crown corporations' financial statements and to the Schedule of Public Debt in Section B for Combined General and Special Fund details.

[1] The 1984 Gross Debt is net of unamortized discount in the amount of $24,819,265 for the Consolidated Revenue Fund and $36,186,000 for the British Columbia Buildings Corporation.

17. Contingencies and Commitments

(a) Guaranteed Debt

Guaranteed debt as at March 31, 1984 totalled $12,076 million. Included in guaranteed debt is the debt of municipalities and other local governments, Crown corporations and private enterprises guaranteed by the Province and Crown corporations as to net principal and accrued interest outstanding. See Schedule of Guaranteed Debt on pages C 28 and C 29 for details.

(b) Contingent Liabilities

(i) General

There are various contingent liabilities outstanding in the form of litigation, indemnities, indirect guarantees and outstanding claims. Because such amounts are uncertain, no liability has been recorded in these consolidated financial statements.

(ii) British Columbia Hydro and Power Authority (B.C. Hydro)

The powerplant and concrete dam contractor on the Revelstoke Project has made claims that he had to incur substantial unanticipated costs. The contractor has submitted claims with respect to the work performed to date and estimated to completion to a maximum amount of $128 million.

It is expected that B.C. Hydro will deny liability for the substantial part of all the claims made. Should any amount be paid by B.C. Hydro as a result of the claims, it will be capitalized as part of construction costs and included in fixed assets.

(iii) British Columbia Transit

During the fiscal year 1981/82, $60 million was received from the Government of Canada to be applied to the purchase of vehicles and the prebuild section of the advanced light rapid transit project. British Columbia Transit is contingently liable for repayment of some or all of the funds until such time as certain provisions of the agreement dated February 26, 1982 have been completed.

(c) General Commitments

At the end of each year there are a number of general commitments outstanding for ongoing programs and operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

17. Contingencies and Commitments — Continued

For reporting purposes in these financial statements, future expenditures of fully consolidated entities are recorded as a charge in the year in which the work or service is performed. These include a liability for credits frozen under the Government's former sick leave plan which is estimated at a maximum of $67 million and for unused vacation and other leave entitlements of $40 million. Commitments for capital construction projects totalled approximately $177 million. Minimum payments under leases and other operating commitments totalled approximately $280 million over the next five years.

Approved capital commitments for those entities reported on the equity basis total approximately $783 million and minimum payments under operating leases total approximately $27 million over the next five years.

British Columbia Railway Company — Tumbler Ridge Branch Line

In 1981 the British Columbia Railway Company (the Railway) began construction of the 129 kilometre Tumbler Ridge Branch Line to the coal fields located in northeast British Columbia. It was the intent of the Province to ensure the Railway fully recovered both the project's construction and financing costs related to this project. The Province has provided $61 million share capital to the Railway since inception of this project to reimburse the Railway for capitalized interest incurred and to contribute to construction costs.

During fiscal 1983/84, by agreement the Province assigned to the Railway the Province's rights to certain freight related revenues generated by this project. In return, the Railway assumed all responsibility for the construction and financing costs associated with the Tumbler Ridge Branch Line, thereby ending any future commitments by the Province in connection with the construction, financing and operating costs of the Tumbler Ridge Branch Line (*see* note 20).

(d) Superannuation and Pension Actuarial Valuations

The Government has statutory responsibility for unfunded liabilities of the Public Service Superannuation Fund and the Teachers' Pension Fund as follows:

	Public Service Superannuation as at March 31, 1980[1]	Teachers' Pension as at December 31, 1980[1]
	$	$
Assets		
Fund	1,069,594,000	716,697,000
Present value of future contributions	1,071,750,000	1,805,273,000
	2,141,344,000	2,521,970,000
Unfunded Liability	631,172,000	1,019,270,000
Total Actuarial Liability	2,772,516,000	3,541,240,000

See Section H of the Public Accounts for further details of these plans.

[1] New actuarial valuations are currently in process.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

18. Workers' Compensation Board of British Columbia—Unfunded Liability

The Workers' Compensation Board of British Columbia, established under the *Workers Compensation Act*, delivers compensation and preventive medical services, sets and controls working conditions throughout the Province and provides education and rehabilitation services to injured employees. The Board funds its operations from assessments on businesses throughout the Province.

The Board is required in each year to provide capitalized reserves under the Accident and Silicosis Funds sufficient to meet payments of compensation accruing in future years in respect of all injuries occurring during the year. Provisions have proven to be insufficient and at December 31, 1983 cumulative actuarial liabilities exceeded the funded balances by approximately $434 million. (1982: $504 million.)

19. Fiscal Stabilization Program

During the year the Government made a claim in respect of the 1982/83 fiscal year against the Federal Government under Part II of the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*. This Part provides authority for payments to be made by the Federal Government to a province in respect of any year in which the province's revenues from its own sources decline from the level of the previous year by an amount in excess of the levels defined by the Act and Regulations. On March 29, 1984, the Federal Government made an interim payment of $80 million to the Province. A further $59 million has been accrued for the estimated amount owing. Final settlement to the Province must be made no later than May 31, 1985.

20. Subsequent Events

British Columbia Railway Company

On June 15, 1984, the Province of British Columbia paid from the Resource Revenue Stabilization Fund to the British Columbia Railway Company (the Railway) $407,642,191 (Canadian) and $17,177,060 (U.S.) to enable the Railway to fully fund its historic debt. These amounts when added to existing sinking fund balances, permitted the Railway to fund each debt issue on a full and irrevocable basis. The Trustee of the sinking funds used the entire amounts in the sinking funds to purchase promissory notes issued by the Province in the amount of $690,827,000 (Canadian) and $25,747,000 (U.S.). The payment terms and conditions of the promissory notes are sufficient to pay in full all future amounts payable under the terms of the debt issues comprising the historic debt.

In June, 1984 BC Rail Ltd. issued, through Canadian stock exchanges, eight million Series A Preferred Shares at a price of $25 per share. The common shares of BC Rail Ltd. are owned as to 25% by British Columbia Railway Company and as to 75% by BCR Properties Ltd., which is 100% owned by British Columbia Railway Company.

The proceeds of $200 million from the sale of these shares were used by BC Rail Ltd. as part payment for the purchase of the railway assets from British Columbia Railway Company, which in turn, applied the $200 million to reduce its notes payable. These notes had been issued as interim financing in connection with the costs of construction of the 129 kilometre Tumbler Ridge Branch Line (*see* note 17 (c)).

The Province has agreed to pay to a trustee for distribution to holders of Series A Preferred Shares an amount equal to any dividend, retraction, redemption or liquidation payment specified or provided for in the share provisions attaching to the Series A Preferred Shares which is not made by BC Rail.

British Columbia Hydro and Power Authority (B.C. Hydro)

The accounting policies of B.C. Hydro conform to accounting principles generally accepted in Canada for commercial enterprises.

In June 1983, the Canadian Institute of Chartered Accountants issued an accounting recommendation relating to foreign currency translation which will require B.C. Hydro to change its present accounting policy of translating long-term debt payable in United States currency into Canadian currency at the rates of exchange prevailing at the date the debt was incurred. The new recommendation requires that all long-term debt be translated at the rate of exchange prevailing at the date of the balance sheet, with the resulting gain or loss deferred and systematically amortized over the remaining life of the debt. B.C. Hydro intends to adopt the new policy and has elected to do so on a retroactive basis as of April 1, 1984.

British Columbia Systems Corporation (the Corporation)

On August 31, 1983 the Government announced plans to offer all or part of the Corporation for sale to the private sector. Subsequent to March 31, 1984 the Government announced its decision to reject all bids for the Corporation. The Government also announced its plans to streamline the Corporation and to privatize part of the Corporation's services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

21. Comparatives

Certain of the comparative figures for the year ended March 31, 1983 have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF ENTITIES RECORDED ON A CONSOLIDATED OR EQUITY BASIS
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Crown Service Corporations Recorded on Consolidated Basis

British Columbia Buildings Corporation
British Columbia Systems Corporation

Provincial Corporations and Agencies Recorded on Consolidated Basis

British Columbia Health Care Research Foundation
British Columbia Heritage Trust
British Columbia Housing Management Commission
British Columbia Petroleum Corporation
British Columbia Place Ltd.
Creston Valley Wildlife Management Authority Trust Fund
Discovery Foundation
Expo 86 Corporation
Health Facilities Association of British Columbia
Knowledge Network of the West Communications Authority
Legal Services Society
Medical Services Commission of British Columbia
Provincial Capital Commission
Provincial Rental Housing Corporation
The Science Council of British Columbia and Secretariat on Science, Research and Development (Science Council of British Columbia)
Universities Council
W.L.C. Developments Ltd.

Transportation Companies and Commercial Enterprises Recorded on Equity Basis

British Columbia Cellulose Company
British Columbia Development Corporation
British Columbia Ferry Corporation
British Columbia Harbours Board
British Columbia Hydro and Power Authority
British Columbia Railway Company
British Columbia Steamship Company (1975) Ltd.
British Columbia Transit (Formerly Urban Transit Authority)
Housing Corporation of British Columbia
Insurance Corporation of British Columbia—excluding the Insurance (Motor Vehicle) Act Fund
Metro Transit Operating Company
Ocean Falls Corporation
Pacific Coach Lines Limited
Surrey Farm Products Investments Ltd.

W.L.C. Developments Ltd. has been added to Provincial Corporations and Agencies in the current fiscal year.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF OPERATING RESULTS OF CONSOLIDATED CROWN CORPORATIONS
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984						1983
	Earnings (losses) per consolidated Crown corporations' financial statements	Adjustments to net assets per consolidated Crown corporations' financial statements	Earnings (losses) prior to consolidation	*Accounting Policy Adjustments*[1]		**Net earnings (losses) for the year**	**Net earnings (losses) for the year**
				Fixed assets	Other		
Crown Service Corporations	$	$	$	$	$	**$**	**$**
British Columbia Buildings Corporation	8,512,000		8,512,000	(41,377,000)	(858,000)	**(33,723,000)**	**(24,693,931)**
British Columbia Systems Corporation	(1,417,000)	(20,000)	(1,437,000)	3,165,000	(346,000)	**1,382,000**	**(32,132,000)**
	7,095,000	(20,000)	7,075,000	(38,212,000)	(1,204,000)	**(32,341,000)**	**(56,825,931)**
Provincial Corporations and Agencies							
British Columbia Health Care Research Foundation	(222,900)	(42,362)	(265,262)			**(265,262)**	**(162,390)**
British Columbia Heritage Trust	(97,990)		(97,990)	(159,688)		**(257,678)**	**64,164**
British Columbia Housing Management Commission	(1,251,835)	268,172	(963,663)	134,793		**(828,870)**	**5,842,316**
British Columbia Petroleum Corporation[2]	163,056,775	(140,525,863)	22,530,912	43,326	(22,530,912)	**43,326**	**31,587**
British Columbia Place Ltd.	(162,000)		(162,000)	(48,669,000)		**(48,831,000)**	**(153,063,000)**
Creston Valley Wildlife Management Authority Trust Fund	17,585		17,585		2,097	**19,682**	**15,079**
Discovery Foundation	(1,044,292)		(1,044,292)	(183,594)		**(1,227,886)**	**6,667,298**
Expo 86 Corporation				(48,595,731)	4,254,716	**(44,341,015)**	**(3,268,345)**
Health Facilities Association of British Columbia[3]	(658,918)	60,655,470	59,996,552	(73,859,076)		**(13,862,524)**	**(27,123,037)**
Knowledge Network of the West Communications Authority	25,021		25,021	(196,308)		**(171,287)**	**352,745**
Legal Services Society	(945,194)		(945,194)			**(945,194)**	**(1,910,120)**
Medical Services Commission of British Columbia[4]	(9,928,936)	130,054,986	120,126,050			**120,126,050**	**(6,526,307)**
Provincial Capital Commission	(235,240)		(235,240)		12	**(235,228)**	**(35,163)**
Provincial Rental Housing Corporation	1,019,171	(1,019,171)		1,019,171		**1,019,171**	**984,653**
Science Council of British Columbia	(1,166,708)		(1,166,708)			**(1,166,708)**	**(411,059)**
Universities Council	(89,718)		(89,718)			**(89,718)**	**21,245**
University of British Columbia Health Sciences Centre[5]							**1,234,000**
W.L.C. Developments Ltd.	(12,115,984)		(12,115,984)	(525,055)	10,450,000	**(2,191,039)**	
	136,198,837	49,411,232	185,610,069	(170,991,162)	(7,824,087)	**6,794,820**	**(177,286,334)**
Total	143,293,837	49,391,232	192,685,069	(209,203,162)	(9,028,087)	**(25,546,180)**	**(234,112,265)**

[1] Accounting policy adjustments are made so that the net earnings (losses) of consolidated entities are calculated in accordance with the accounting policies adopted by the Government as described in note 1, Basis of Accounting, page C 11.

[2] The B.C. Petroleum Corporation adjustment to net assets ($140,525,863), comprises transfers to the Province of $143,700,000 and a retroactive increase in income of $3,174,137. (*See* section G of the Public Accounts for complete financial statements of the corporation.)

[3] The Health Facilities Association of B.C. adjustment to net assets of $60,655,470 represents a change in accounting policy to record hospital grants for equipment and construction as non-current assets.

[4] The Province absorbed the Medical Services Commission's working capital deficiency which amounted to $130,054,986 at the end of the year.

[5] University of British Columbia Health Sciences Centre became a Hospital Society by means of a transfer agreement with the University of British Columbia, effective March 31, 1982, and it is no longer considered appropriate to consolidate this entity. Net equity has been written off in the previous year.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF EQUITY IN COMMERCIAL ENTERPRISES
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

	1984							
	British Columbia Cellulose Company	British Columbia Development Corporation[1]	British Columbia Hydro and Power Authority	Housing Corporation of British Columbia	Insurance Corporation of British Columbia[2]	Ocean Falls Corporation	Surrey Farm Products Investments Ltd.	**Total**
	$	$	$	$	$	$	$	**$**
Earnings (losses) for the year before extraordinary items	(962,495)	(21,285,763)	51,179,000	371,000	978,000	(1,723,652)	(2,549)	**28,553,541**
Extraordinary items								
Net earnings (losses) for the year	(962,495)	(21,285,763)	51,179,000	371,000	978,000	(1,723,652)	(2,549)	**28,553,541**
Unremitted earnings (losses)—beginning of year	3,879,073	353,299	493,821,000	2,174,000	12,494,000	(52,187,618)	(589,614)	**459,944,140**
Transfers from (to) Government						36,228,520		**36,228,520**
Unremitted earnings (losses)—end of year	2,916,578	(20,932,464)	545,000,000	2,545,000	13,472,000	(17,682,750)	(592,163)	**524,726,201**
Equity contributed and transferred				1,902,000		15,584,405		**17,486,405**
Unremitted equity—end of year	2,916,578	(20,932,464)	545,000,000	4,447,000	13,472,000	(2,098,345)	(592,163)	**542,212,606**
Recorded by the Government:								
Shares and other investments	2	54,618,300	8,073,595	1			1	**62,691,899**
Advances		20,920,000						**20,920,000**
Total Equity	2,916,580	54,605,836	553,073,595	4,447,001	13,472,000	(2,098,345)	(592,162)	**625,824,505**

[1] The amount shown above for the British Columbia Development Corporation does not include $26,277,220 of the Government of British Columbia's funds held in trust and administered by the Corporation under the Low Interest Loan Assistance Program (L.I.L.A.).

[2] The amount shown above for the Insurance Corporation of British Columbia does not include the activities of the Insurance (Motor Vehicle) Act Fund, which operates as a self-sustaining entity; the profit for the year ended December 31, 1983 in this Fund was $4,336,000.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF EQUITY IN TRANSPORTATION COMPANIES AND COMMERCIAL ENTERPRISES
FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

	1984									1983
	British Columbia Ferry Corporation	British Columbia Harbours Board	British Columbia Railway Company	British Columbia Steamship Company (1975) Ltd	British Columbia Transit[2]	Pacific Coach Lines Limited	**Transportation Companies Total**	**Commercial Enterprises (page C 26)**	**Transportation Companies and Commercial Enterprises Total**	**Transportation Companies and Commercial Enterprises Total**
	$	$	$	$	$	$	**$**	**$**	**$**	**$**
Earnings (losses) for the year before Provincial grants	(57,996,809)	1,237,000	(14,172,000)	(1,150,631)	(85,529,000)	(5,044,494)	**(162,655,934)**	**28,553,541**	**(134,102,393)**	**(154,453,088)**
Provincial grants	43,000,000		54,139,000		77,317,000	5,604,412	**180,060,412**		**180,060,412**	**186,110,792**
Earnings and (losses) for the year before extraordinary items	(14,996,809)	1,237,000	39,967,000	(1,150,631)	(8,212,000)	559,918	**17,404,478**	**28,553,541**	**45,958,019**	**31,657,704**
Extraordinary items						(8,498,500)	**(8,498,500)**		**(8,498,500)**	**(75,847,000)**
Net earnings (losses) for the year	(14,996,809)	1,237,000	39,967,000	(1,150,631)	(8,212,000)	(7,938,582)	**8,905,978**	**28,553,541**	**37,459,519**	**(44,189,296)**
Unremitted earnings (losses)—beginning of year	1,288,809	21,997,000	(314,106,000)	(7,599,917)	(590,000)	3,064,828	**(295,945,280)**	**459,944,140**	**163,998,860**	**216,634,156**
Transfers from (to) Government								**36,228,520**	**36,228,520**	**(8,446,000)**
Unremitted earnings (losses)—end of year	(13,708,000)	23,234,000	(274,139,000)	(8,750,548)	(8,802,000)	(4,873,754)	**(287,039,302)**	**524,726,201**	**237,686,699**	**163,998,860**
Equity contributed and transferred		(23,234,000)	368,058,000	9,687,725		2,491,366	**357,003,091**	**17,486,405**	**374,489,496**	**373,490,496**
Unremitted equity—end of year[1]	(13,708,000)		93,919,000	937,177	(8,802,000)	(2,382,388)	**69,963,789**	**542,212,606**	**612,176,395**	**537,489,356**
Recorded by the Government:										
Shares and other investments	6,851,185		37,350,601	5		2	**44,201,793**	**62,691,899**	**106,893,692**	**66,654,808**
Advances					55,000,000		**55,000,000**	**20,920,000**	**75,920,000**	**70,481,000**
Total Equity	(6,856,815)		131,269,601	937,182	46,198,000	(2,382,386)	**169,165,582**	**625,824,505**	**794,990,087**	**674,625,164**

[1] The net increase in unremitted equity from $537,489,356 in 1982/83 to $612,176,395 in 1983/84 of $74,687,039 is comprised of the net increase in unremitted earnings of $73,688,039 and the net increase in equity contributed and transferred of $999,000. (Refer to C 9).

[2] The Metro Transit Operating Company collects and remits all operating revenues to British Columbia Transit and is reimbursed by British Columbia Transit for its gross operating expenditures, the annual operating agreements expire March 31, 1985.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF GUARANTEED DEBT
FOR THE FISCAL YEAR ENDED MARCH 31, 1984

Debt of municipalities and other local governments, Crown corporations and private enterprises explicitly guaranteed by the Province and Crown corporations under the authority of a statute as to net principal and accrued interest outstanding.

	1984			1983
	Gross Outstanding[2]	Net Sinking Funds[2]	Net Outstanding	Net Outstanding
Municipalities and other local governments—	$	$	$	$
(1) Guarantees authorized pursuant to the *School Act*, sec. 232 (principally funded)	1,314,232,866			
Less: held by British Columbia School Districts Capital Financing Authority	(1,314,232,866)			
	—			
(2) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9	27,602,601			
Less: held by the British Columbia Educational Institutions Capital Financing Authority	(27,602,601)			
	—			
(3) Guarantees authorized pursuant to the *Hospital District Act*, sec. 41	748,479,869			
Less: held by British Columbia Regional Hospital Districts Financing Authority	(748,479,869)			
	—			
(4) Guarantees authorized pursuant to the *Municipalities Assistance Act*, sec. 3 (serials)	8,795,003		8,795,003	14,892,573
(5) Guarantees authorized pursuant to the *Municipal Act*, part 25, sec. 854, debentures (principally serials)	24,849,056	8,615,915	16,233,141	17,387,901
(6) Greater Vancouver Sewerage and Drainage District debentures (some serials)	10,345,080	10,345,080		
Subtotal, municipalities and other local governments	43,989,139	18,960,995	25,028,144	32,280,474
Health and education—				
(7) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9—				
Debentures—funded[1]	407,814,851	22,536,010	385,278,841	310,608,785
(8) Guarantees authorized pursuant to the *Hospital District Finance Act*, sec. 9—				
Debentures—funded[1]	939,263,656	197,470,835	741,792,821	686,799,288
(9) Guarantees authorized pursuant to the *School District Capital Finance Act*, sec. 9[1]—				
Debentures—funded	1,533,119,347	540,732,275	992,387,067	1,013,943,981
—unfunded	4,245,316		4,245,316	8,022,681
Subtotal, health and education	2,884,443,165	760,739,120	2,123,704,045	2,019,374,735
Economic development—				
(10) Guarantees authorized pursuant to the *Agricultural Credit Act*, sec. 3	3,494,510		3,494,510	4,249,675
(11) Guarantees authorized pursuant to the *British Columbia Cellulose Company Act*, sec. 8[1]—	9,053,926		9,053,926	13,130,046
(12) Guarantees authorized pursuant to the *British Columbia Railway Finance Act*, sec. 10[1]—				
Bonds and debentures—funded	774,990,612	155,548,516	619,442,096	642,875,212
Notes—unfunded	370,205,813		370,205,813	233,775,244
Capital leases	26,759,497		26,759,497	
(13) Guarantees authorized pursuant to the *British Columbia Transit Act*, sec. 22[1]—				
Bonds and debentures	78,821,867	398,740	78,423,127	37,648,682
Notes	101,228,767		101,228,767	20,005,068
Capital leases	60,533,101		60,533,101	26,429,242

(14) Guarantees authorized pursuant to the *Development Corporation Act*, sec. 15[1]	263,949,579			
Less: held by the British Columbia Housing and Employment Development Financing Authority	(182,509,798)			
Notes	81,439,781		81,439,781	142,934,301
(15) Guarantees authorized pursuant to the *Farm Product Industry Act*, sec. 2	62,229,003		62,229,003	
(16) Guarantees authorized pursuant to the *Ferry Corporation Act*, sec. 18[1]—	3,807,820		3,807,820	4,118,039
Bonds and debentures—unfunded series	43,559,025		43,559,025	28,688,686
—notes				30,271,068
(17) Guarantees authorized pursuant to the *Harbour Board Act*, secs. 18 and 30.1[1]	6,607,660		6,607,660	6,226,751
(18) Guarantees authorized pursuant to the *Housing and Employment Development Financing Act*, secs. 5 and 6[1]—				
Bonds and debentures	189,348,698		189,348,698	6,191,788
Notes				2,012,888
(19) Guarantees authorized pursuant to the *Ministry of Transportation and Highways Act*, sec. 66, re: British Columbia Steamship Company (1975) Ltd.[1]	4,782,119		4,782,119	3,936,895
Subtotal, economic development	1,816,862,199	155,947,256	1,660,914,943	1,202,493,585
Utilities —				
(20) Guarantees authorized pursuant to the *Hydro and Power Authority Act*, sec. 44[1]—				
Bonds and debentures—funded	9,061,164,502	725,380,997	8,335,783,505	7,661,336,557
Grand total, all guaranteed debt	13,806,459,005	1,661,028,368	12,145,430,637	10,915,485,351
Less: Amounts included above held as investments within the Consolidated Entity	89,378,164	19,725,317	69,652,847	90,513,685
Net total, all guaranteed debt	13,717,080,841	1,641,303,051	12,075,777,790	10,824,971,666

[1] See Section G of the Public Accounts for details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies.

[2] Gross outstanding debt as at March 31, 1984 includes accrued interest of $422.3 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1984.

Sinking funds comprise cash and investments recorded at cost, plus accrued interest of $38.6 million, with the exception of item 6 which is shown at an adjusted value equivalent to the gross outstanding funded debt. The market value of these sinking fund investments was approximately $1,459 million at March 31, 1984 (1983: $1,292 million); however, these are not considered to be temporary investments. These investments are generally held until maturity, at which time the par value is realized.

The Government is directly responsible for paying 57.6 to 100 per cent of debt service costs for health and education debt through various grant formulas. In 1983/84 these contributions totalled approximately $297 million or 80 per cent of the debt service costs. The Government also pays a portion of the debt service costs of some economic development enterprises. No such contribution is made for utilities.

As a result of Government financing policies $3.1 billion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Government ($3.7 billion) are subject to redemption on six months' notice by the Federal Minister of Finance.

Between the year end and August 15, 1984 there have been additional debt issues net of redemptions guaranteed by the Province totalling $96.6 million.

SECTION D

TRUST FUNDS

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TRUST FUNDS

PREAMBLE

Trust Funds include amounts held and administered in trust for others; the Government has no power of appropriation over these funds. Basically two types of accounts exist: actively managed funds and custodial deposits. The actively managed funds require the Government to perform the following functions—set investment policy; control the collection of contributions, instalments and other receipts; disburse payments; and perform other administrative and miscellaneous transactions related to the funds. The Government's involvement with custodial deposits is merely to hold assets according to conditions set by agreements or statutes. Each category is more fully described in Note 1 to these Trust Funds financial statements.

REPORT OF THE AUDITOR GENERAL ON THE TRUST FUNDS FINANCIAL STATEMENTS INCLUDED IN THE PUBLIC ACCOUNTS OF THE PROVINCE OF BRITISH COLUMBIA

Province of British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia

I have examined the Trust Funds Financial Statements of the Government of the Province of British Columbia for the fiscal year ended March 31, 1984 as presented in Section D of the Public Accounts, and the related supplementary schedule contained in sub-sections D13 through D16. These financial statements are:

Statement of Financial Position
Statement of Changes in Trust Balances

(including Notes to Trust Funds Financial Statements)

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these trust funds financial statements present fairly the financial position of the Trust Funds of the Government of the Province of British Columbia as at March 31, 1984 and the changes in trust balances for the year then ended in accordance with the stated accounting policies as set out in Note 1 to the trust funds financial statements applied on a basis consistent with that of the preceding year.

I emphasize that this report is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately on other matters resulting from my examination that I consider should be brought to the attention of the Legislative Assembly. That report will be presented at a future date.

Erma Morrison

ERMA MORRISON, F.C.A.
Auditor General

Victoria, British Columbia
31 August 1984

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 1984

Actively Managed:	Cash and Temporary Investments	Receivables	Other Investments[1]	Shares[2]	Accounts Payable	Trust Balances 1984	Trust Balances 1983
	$	$	$	$	$	$	$
Superannuation and Pension Funds							
Public Service Superannuation Fund	791,451,852	59,070,671	930,172,981	16,440,706	(1,977,840)	1,795,158,370	1,537,845,063
Municipal Superannuation Fund	545,170,665	72,010,659	1,168,310,318		(2,603,996)	1,782,887,646	1,509,257,802
Teachers' Pension Fund	434,083,908	55,227,229	879,664,381		(3,204,022)	1,365,771,496	1,157,143,453
College Pension Fund	65,032,542	4,810,939	42,770,446		(1,296,791)	111,317,136	90,451,166
British Columbia Hydro and Power Authority Pension Fund	131,576,097	16,015,286	287,404,804		(3,767,171)	431,229,016	374,064,816
British Columbia Power Commission Superannuation Fund	5,743,583	676,629	21,883,886		(84,995)	28,219,103	27,286,908
British Columbia Railway Company Pension Fund	40,047,162	4,108,764	60,674,373		(37,550)	104,792,749	86,868,191
Members of the Legislative Assembly Superannuation Account	2,080,822	128,529	1,100,528		(102,423)	3,207,456	3,794,047
Workers' Compensation Board Superannuation Fund	504,558	2,007,095	52,384,526		(13,299)	54,882,880	44,602,278
Total Superannuation and Pension Funds	2,015,691,189	214,055,801	3,444,366,243	16,440,706	(13,088,087)	5,677,465,852	4,831,313,724
Sinking Funds							
British Columbia Buildings Corporation	19,431,502	387,869	2,043,717			21,863,088	15,438,515
British Columbia Educational Institutions Capital Financing Authority	20,909,863	632,645	1,000,000		(6,498)	22,536,010	13,313,981
British Columbia Hydro and Power Authority	262,266,522	17,251,997	445,862,478			725,380,997	587,696,889
British Columbia Railway Company (note 3)	42,782,205	3,081,890	109,704,004		(19,583)	155,548,516	131,178,905
British Columbia Regional Hospital Districts Financing Authority	109,373,601	5,291,254	82,840,374		(34,394)	197,470,835	154,978,842
British Columbia School Districts Capital Financing Authority	215,047,009	11,409,741	237,487,148		(59,622)	463,884,276	379,673,340
Greater Vancouver Sewerage and Drainage District	7,216,042	601,994	15,465,046		(7,688)	23,275,394	25,718,239
Other	5,552,813	326,740	4,413,919		(3,540)	10,289,932	8,251,363
Total Sinking Funds	682,579,557	38,984,130	898,816,686		(131,325)	1,620,249,048	1,316,250,074

Other Managed Trust Funds							
British Columbia Buildings Corporation Trust	5,013,336	4,755			(2,492)	5,015,599	8,016,567
British Columbia Development Corporation Trust	130,469,068	10,751,425			(27,828)	141,192,665	682
British Columbia Ferry Corporation Trust	4,000,000	2,643			(7,547)	3,995,096	8,675,902
British Columbia Housing and Employment Development Financing Authority Trust	5,772,649	227,125				5,999,774	8,202,138
British Columbia Hydro and Power Authority Trust	191,130,883	3,388,788			(24,007)	194,495,664	97,125,039
British Columbia Railway Company Trust	2,765,269	7,128				2,772,397	9,086,360
British Columbia School Districts Capital Financing Authority Trust	169,919	1,517,559	65,558,963		(26)	67,246,415	59,988,363
British Columbia Systems Corporation Trust	148	19				167	7,618,375
British Columbia Transit Trust	61,905,174	457,350			(16,051)	62,346,473	8,329
Health Facilities Association of British Columbia Trust	12,834,261	372,501			(4,464)	13,202,298	18,153,062
Public Service Long Term Disability Plan	30,369,974	1,763,587	1,987,015		(1,361,405)	32,759,171	32,759,171
Crown Corporations Long Term Disability Plan	5,374,707	483,112	346,260		(197,620)	6,006,459	6,486,397
Travel Industry Development Subsidiary Agreement		3,729,275				3,729,275	
University of Victoria Engineering Complex Capital Account	16,000,000					16,000,000	
Other	7,714,617	185,443			(96,106)	7,803,954	8,511,237
Total Other Managed Trust Funds	473,520,005	22,890,710	67,892,238		(1,737,546)	562,565,407	264,631,622
Custodial Deposits:							
Held Under the Jurisdiction of:							
Public Trustee and Official Administrators	135,657,007	3,955,264	42,033,942			181,646,213	177,763,344
Supreme and County Court Rules (Suitors' Funds)	38,105,940		22,784,882			60,890,822	53,918,926
Workers' Compensation Board	597,613,359	43,487,212	969,977,266		(137,142)	1,610,940,695	1,328,299,232
Other Acts and Miscellaneous Deposits	26,412,100	551,827	20,211,050			47,174,977	52,785,157
Total Custodial Deposits	797,788,406	47,994,303	1,055,007,140		(137,142)	1,900,652,707	1,612,766,659
Total Trust Funds	3,969,579,157	323,924,944	5,466,082,307	16,440,706	(15,094,100)	9,760,933,014	8,024,962,079

[1] Comprised mainly of long term, fixed interest Investments.

[2] Consist of shares held in public companies as authorized under section 36 of the *Financial Administration Act* (S.B.C. 1981, chap. 15).

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance:

D. L. EMERSON
Deputy Minister of Finance and Secretary of Treasury Board

D. B. MARSON
Comptroller General

TRUST FUNDS
STATEMENT OF CHANGES IN TRUST BALANCES FOR THE YEAR ENDED MARCH 31, 1984

Actively Managed:	Contributions and Transfers In $	Investment Income $	Pension Payments and Transfers Out $	Administration Fees and Other $	Net Change $	Trust Balances 1984 $	Trust Balances 1983 $
Superannuation and Pension Funds							
Public Service Superannuation Fund	175,609,811	171,476,764	(87,777,704)	(1,995,564)	257,313,307	1,795,158,370	1,537,845,063
Municipal Superannuation Fund	207,573,918	163,818,794	(94,452,538)	(3,310,330)	273,629,844	1,782,887,646	1,509,257,802
Teachers' Pension Fund	164,703,556	126,066,003	(80,758,442)	(1,383,074)	208,628,043	1,365,771,496	1,157,143,453
College Pension Fund	12,964,201	10,064,473	(2,016,171)	(146,533)	20,865,970	111,317,136	90,451,166
British Columbia Hydro and Power Authority Pension Fund	40,235,379	42,419,608	(25,117,321)	(373,466)	57,164,200	431,229,016	374,064,816
British Columbia Power Commission Superannuation Fund	32,278	2,396,440	(1,476,445)	(20,078)	932,195	28,219,103	27,286,908
British Columbia Railway Company Pension Fund	10,552,310	9,656,903	(2,222,632)	(62,023)	17,924,558	104,792,749	86,868,191
Members of the Legislative Assembly Superannuation Account	1,446,922	319,530	(2,353,043)		(586,591)	3,207,456	3,794,047
Workers' Compensation Board Superannuation Fund	7,256,329	5,687,956	(2,663,683)		10,280,602	54,882,880	44,602,278
Total Superannuation and Pension Funds	620,374,704	531,906,471	(298,837,979)	(7,291,068)	846,152,128	5,677,465,852	4,831,313,724

	Instalments $	Investment Income $	Capital Disbursements $	Other Costs and Administration $	Net Change $	Trust Balances 1984 $	Trust Balances 1983 $
Sinking Funds							
British Columbia Buildings Corporation	4,463,070	1,961,503			6,424,573	21,863,088	15,438,515
British Columbia Educational Institutions Capital Financing Authority	7,410,736	1,834,519		(23,226)	9,222,029	22,536,010	13,313,981
British Columbia Hydro and Power Authority	79,792,949	72,409,842	(14,518,683)		137,684,108	725,380,997	587,696,889
British Columbia Railway Company (note 3)	8,807,116	17,206,848	(1,571,250)	(73,103)	24,369,611	155,548,516	131,178,905
British Columbia Regional Hospital Districts Financing Authority	23,109,890	19,509,808		(127,705)	42,491,993	197,470,835	154,978,842
British Columbia School Districts Capital Financing Authority	35,195,417	49,250,746	(9,450)	(225,777)	84,210,936	463,884,276	379,673,340
Greater Vancouver Sewerage and Drainage District	830,722	3,126,654	(6,369,058)	(31,163)	(2,442,845)	23,275,394	25,718,239
Other	1,338,985	1,021,308	(307,953)	(13,771)	2,038,569	10,289,932	8,251,363
Total Sinking Funds	160,948,885	166,321,228	(22,776,394)	(494,745)	303,998,974	1,620,249,048	1,316,250,074

Other Managed Trust Funds	Capital Receipts $	Investment Income $	Capital Disbursements $	Other Costs and Administration $	Net Change $	Trust Balances 1984 $	Trust Balances 1983 $
British Columbia Buildings Corporation Trust	532,432,413	640,602	(536,071,491)	(2,492)	(3,000,968)	5,015,599	8,016,567
British Columbia Development Corporation Trust	309,341,769	14,948,971	(183,070,929)	(27,828)	141,191,983	141,192,665	682
British Columbia Ferry Corporation Trust	160,369,926	1,081,216	(166,128,247)	(3,701)	(4,680,806)	3,995,096	8,675,902
British Columbia Housing and Employment Development Financing Authority Trust	204,041,114	203,029	(206,446,507)		(2,202,364)	5,999,774	8,202,138
British Columbia Hydro and Power Authority Trust	1,107,915,858	11,028,003	(1,021,549,229)	(24,007)	97,370,625	194,495,664	97,125,039
British Columbia Railway Company Trust	1,732,196,272	603,403	(1,739,113,638)		(6,313,963)	2,772,397	9,086,360
British Columbia School Districts Capital Financing Authority Trust	67,902	10,232,517	(3,042,341)	(26)	7,258,052	67,246,415	59,988,363
British Columbia Systems Corporation Trust	9,275,355	76,557	(16,970,120)		(7,618,208)	167	7,618,375
British Columbia Transit Trust	391,925,136	3,413,980	(332,984,921)	(16,051)	62,338,144	62,346,473	8,329
Health Facilities Association of British Columbia Trust	13,531,433	1,362,692	(19,840,425)	(4,464)	(4,950,764)	13,202,298	18,153,062
Public Service Long Term Disability Plan	4,298,864	3,564,678	(7,054,805)	(808,737)		32,759,171	32,759,171
Crown Corporations Long Term Disability Plan	31,026	643,424	(1,040,646)	(113,742)	(479,938)	6,006,459	6,486,397
Travel Industry Development Subsidiary Agreement	3,512,627	693,770	(191,038)	(286,084)	3,729,275	3,729,275	
University of Victoria Engineering Complex Capital Account	16,000,000				16,000,000	16,000,000	
Other	403,578,610	1,398,631	(405,678,621)	(5,903)	(707,283)	7,803,954	8,511,237
Total Other Managed Trust Funds	4,888,518,305	49,891,473	(4,639,182,958)	(1,293,035)	297,933,785	562,565,407	264,631,622

The accompanying notes and supplementary schedule are an integral part of these financial statements.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984

1. Significant Accounting Policies

A. REPORTING ENTITY

Trust Funds are comprised of superannuation funds, sinking funds, other managed trust funds and custodial deposits. These funds and deposits are held in trust for third parties and the Government has no power of appropriation over them.

(a) *Superannuation and Pension Funds*

The Government administers and is responsible for collection of employee contributions to certain superannuation and pension plans in accordance with the following acts and regulations:

Pension (Public Service) Act
Pension (Municipal) Act
Pension (Teachers) Act
Pension (College) Act
Legislative Assembly Allowances and Pension Act
British Columbia Hydro and Power Authority Pension Fund Regulations
British Columbia Power Commission Superannuation Fund Regulations
British Columbia Railway Company Pension Fund Rules and Regulations
Workers' Compensation Board Superannuation Fund Plan

The Government is responsible for the employer contributions and has statutory responsibilities with respect to unfunded liabilities under the *Pension (Public Service) Act*, the *Pension (Teachers) Act* and the *Legislative Assembly Allowances and Pension Act*. The Government has no statutory responsibilities with respect to unfunded liabilities under the other acts and regulations noted above.

(b) *Sinking Funds*

The Government holds in trust and manages sinking funds on behalf of various Crown corporations and public bodies. Instalments are received on a periodic basis from the Crown corporations and are invested by the Minister of Finance in his capacity as Trustee. The accumulated instalments, together with interest earned, less administrative costs, constitute the sinking funds. The purpose of these sinking funds is to provide for an orderly retirement of debts at maturity.

(c) *Other Managed Trust Funds*

These are funds of various Crown corporations and public bodies deposited with the Government for investment and administration. They include amounts such as working capital surplus to their immediate needs, funds for capital transactions and long term disability funds.

(d) *Custodial Deposits*

(i) Public Trustee and Official Administrators

Trust officers are responsible for the recording, managing and reporting aspects of the accounts maintained under the *Infants Act*, *Patients Property Act*, *Estate Administration Act*, *Public Trustee Act* and *Trustee Act*. These officers ensure that funds received for payments on mortgages, receivables, property rentals and investments are managed within the requirements of the acts. The management of each account's disbursements for liabilities, maintenance costs and benefits along with the process of consolidating and closing of accounts is also done in accordance with the requirements of the acts.

(ii) Supreme and County Court Rules (Suitors' Funds)

As trustee of all Supreme and County Court accounts—which include such items as garnishees, infants' settlements and court awards—the Province records and reports the financial transactions in each area of these suitors' funds according to the instructions given by the courts.

(iii) Workers' Compensation Board

The Province acts only in an accounting and custodial capacity in the administration of the Workers' Compensation Board Trust Fund. The Province is informed of what investments have been purchased or sold and arranges for the settlement of the transactions and the delivery of securities. All securities are under joint registry of the Workers' Compensation Board and the Minister of Finance.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

1. Significant Accounting Policies—Continued

A. REPORTING ENTITY—Continued

(iv) Other Acts and Miscellaneous Deposits

Other acts and miscellaneous deposits include funds or securities lodged with the Province to meet conditions set out in the statutes such as the *Forest Act*, *Mines Act*, *Insurance Act* or *Trust Company Act*. The Province's function is only of a custodial nature, one in which it holds the assets in safekeeping and maintains the accounting records.

B. BASIS OF ACCOUNTING

These financial statements are prepared on an accrual basis, except where noted.

(a) Temporary investments include deposits with chartered banks and other approved institutions. They are carried at cost of acquisition.

(b) *Superannuation and Pension Funds*

(i) These financial statements show only the position of the funds as at March 31, 1984 and the changes in the fund balances for the year then ended and do not purport to show the adequacy of the funds to meet the obligations of the superannuation and pension plans.

(ii) The long-term investments are carried at cost of acquisition adjusted as follows:
—premiums and discounts on single maturity bonds are amortized on a straight line basis over the terms of the bonds,
—premiums and discounts on serial bonds are recognized as income when redemptions occur,
—shares are carried at cost adjusted annually by 7 per cent of the difference between cost or adjusted cost and market value,
—gains and losses on disposition of long-term bonds are deferred and amortized over the lesser of the remaining term of the bonds sold or twenty years, with the amortization being charged against income from investments.

(c) *Sinking Funds and Other Managed Trust Funds*

Long-term investments are carried at amortized cost, with premiums and discounts being amortized on a straight line basis over the terms of the investments acquired.

(d) *Public Trustee*

Because of the nature of the activities of the Public Trustee in managing assets under various acts and the need to promptly record these assets at the time of their receipt, various valuation methods are employed to provide for values which either approximate net realizable value, or are at a nominal value.

(e) *Workers' Compensation Board*

Long-term investments are carried at amortized cost, with premiums and discounts being amortized on a straight line basis over the terms of the investments acquired.

(f) *Other Acts and Miscellaneous Deposits*

(i) Other custodial deposits are reported on a cash basis. Income earned on security deposits is received directly by the depositors and is not reflected in these financial statements.

(ii) Securities held are reported at par value.

(g) *Foreign Currency Translation*

Assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end unless hedged by forward contracts which specify the rate of exchange. Foreign currency transactions are translated to Canadian dollars at the exchange rate prevailing at the date of the transaction. Adjustments arising as a result of foreign currency translation are charged or credited to expenditure at the time the adjustments arise.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1984—Continued

2. Change in Accounting Policy

The amortization of premiums and discounts on long-term investments, as described in Note 1 to these financial statements, reflects a change in accounting policy during 1984. This change applies to sinking funds, other managed trust funds and the Workers' Compensation Board Trust Fund.

In 1983 and prior years long-term investments of these funds were carried at cost of acquisition, with premiums and discounts recognized on disposal of the investments. For 1984 they are amortized on a straight line basis over the term of the investments acquired.

The immediate effects of the change in policy are as follows:

—an increase of approximately $22 million in sinking fund balances,

—an increase of approximately $5 million in other managed trust fund balances, and

—a decrease of approximately $5 million in the Workers' Compensation Board fund balance.

3. Subsequent Events

British Columbia Railway Company

On June 15, 1984, the Province of British Columbia paid from the Resource Revenue Stabilization Fund to the British Columbia Railway Company (the Railway) $407,642,191 (Canadian) and $17,177,060 (U.S.) to enable the Company to fully fund its historic debt. These amounts when added to existing sinking fund balances, permitted the Railway to fund each debt issue on a full and irrevocable basis. The Trustee of the sinking funds used the entire amounts in the sinking funds to purchase promissory notes issued by the Province in the amount of $690,827,000 (Canadian) and $25,747,000 (U.S.). The payment terms and conditions of the promissory notes are sufficient to pay in full all future amounts payable under the terms of the debt issues comprising the historic debt.

4. Comparatives

Certain of the comparative figures for the year ended March 31, 1983 have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

TRUST FUNDS

SCHEDULE OF INVESTMENT PORTFOLIO PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT, 1981* AS AT MARCH 31, 1984

	1984			1983
	Temporary Investments	Long-Term Investments	Total	Total
	$	$	$	$
Obligations of or guaranteed by Canada	1,428,144,368	1,047,619,962	2,475,764,330	484,435,841
Obligations of or guaranteed by a Province	139,484,129	4,128,821,906	4,268,306,035	4,162,690,933
Obligations of or guaranteed by a savings institution	2,197,508,560	86,799,207	2,284,307,767	2,659,488,759
Securities issued by the Municipal Finance Authority of British Columbia		141,849,876	141,849,876	148,034,359
Commercial paper issued by a corporation incorporated under the laws of Canada or of a Province				2,616,930
Fully paid common shares of a corporation incorporated under the laws of Canada or of a Province		16,440,706	16,440,706	15,766,010
Total	3,765,137,057	5,421,531,657	9,186,668,714	7,473,032,832
Held as follows:				
Superannuation and pension funds	2,000,829,241	3,460,806,949	5,461,636,190	4,635,565,333
Sinking funds	679,423,624	898,816,686	1,578,240,310	1,290,472,101
Other managed trust funds	481,777,820	67,892,238	549,670,058	241,369,614
Custodial deposits	603,106,372	994,015,784	1,597,122,156	1,305,625,784
Total	3,765,137,057	5,421,531,657	9,186,668,714	7,473,032,832

TRUST FUNDS

SCHEDULE OF INVESTMENT PORTFOLIO PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT, 1981* AS AT MARCH 31, 1984—Continued

Temporary Investments	1984 Cost		1983 Cost	
	$	$	$	$
Obligations of or guaranteed by Canada:				
Federal Business Development Bank		4,000,000		
Government of Canada Bonds		13,594,163		
Government of Canada Treasury Bills		1,409,355,821		65,965,850
Export Development Corporation		1,194,384		
		1,428,144,368		65,965,850
Obligations of or guaranteed by a Province:				
British Columbia Assessment Authority			950,000	
British Columbia Buildings Corporation	47,232,674		25,000,000	
British Columbia Development Corporation	61,691,684		56,340,782	
British Columbia Ferry Corporation			29,698,674	
British Columbia Harbours Board	6,000,000		6,000,000	
British Columbia Housing and Employment Development Financing Authority	2,959,771		1,064,162	
British Columbia Railway Company	7,500,000			
British Columbia Steamship Company (1975) Ltd.	4,700,000		3,800,000	
British Columbia Systems Corporation			2,687,064	
Province of Quebec Treasury Bills	7,000,000			
Province of Newfoundland Hydro Bonds	2,400,000			
		139,484,129		125,540,682
Obligations of or guaranteed by a savings institution:				
Canadian Imperial Bank of Commerce	293,466,559		394,106,727	
Royal Bank of Canada	806,281,021		464,021,108	
Bank of Montreal	167,841,706		338,304,964	
Toronto Dominion Bank	279,523,918		298,745,337	
Bank of Nova Scotia	136,364,518		57,119,640	
Bank of British Columbia	25,457,060		10,530,250	
Mercantile Bank of Canada	3,571,831		2,758,342	
Northland Bank			5,951,700	
Continental Bank of Canada	181,384		6,000,000	
Canadian Commercial Bank	34,901,803		14,827,000	
National Bank of Canada	87,183,129			
First Bank	5,946,370			
First City Trust	14,900,000		10,000,000	
Crown Trust			6,910,652	
Royal Trust	32,028,329		58,757,244	
Yorkshire Trust			1,000,000	
Canada Permanent Trust			8,445,082	
Guaranty Trust			5,000,000	
Montreal Trust	4,922,950			
National Trust			3,465,640	
Central and Eastern Trust			5,000,000	
Victoria and Grey Trust			20,484,300	
Royal Bank Mortgage	114,297,762		296,199,789	
Bank of British Columbia Mortgage			4,540,665	
Toronto Dominion Mortgage	9,055,152		79,664,592	
Nova Scotia Mortgage	77,368,581		29,718,290	
Commerce Mortgage Corporation	49,552,603		304,583,152	
Bank of Montreal Mortgage Corporation	10,494,110		48,427,408	
Mercantile Bank Mortgage			2,000,000	
Roy Lease	9,190,700			
Bank of Montreal Leasing	8,197,424		6,360,690	

TRUST FUNDS

SCHEDULE OF INVESTMENT PORTFOLIO PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 AS AT MARCH 31, 1984—Continued

Temporary Investments – *Continued*	1984 Cost		1983 Cost	
	$	$	$	$
Royal Trust Mortgage			13,000,000	
Vancouver City Credit Union	6,500,000		3,000,000	
Workers' Compensation Employees Credit Union	300,000			
British Columbia Central Credit Union	9,981,650		2,050,000	
Dai-Ichi Kangyo Bank Ltd.			12,216,715	
Barclays Bank of Canada			4,500,150	
Bank of America			9,292,150	
Citibank Canada			4,539,000	
Bank of Tokyo			10,000,000	
National Westminster of Canada	10,000,000		13,500,000	
		2,197,508,560		2,555,020,587
		3,765,137,057		2,746,527,119

Long-Term Investments	Dates of Maturity	1984 Par Value	1984 Adjusted Cost	1983 Adjusted Cost
		$	$	$
Obligations of or guaranteed by Canada:				
Government of Canada	1984–2002	1,223,203,125	956,010,741	343,539,979
Canadian National Railway	1985–1987	200,000	199,560	
Export Development Corporation	1989	50,000,000	49,858,080	35,000,000
Federal Business Development Bank	1987–1988	41,500,000	41,551,581	39,930,012
		1,314,903,125	1,047,619,962	418,469,991
Obligations of or guaranteed by a Province:				
Province of British Columbia	1984–1993	200,838,722	199,287,510	155,209,424
British Columbia Hydro and Power Authority	1985–2011	2,463,876,253	2,407,182,631	2,624,387,078
British Columbia Railway Company	1984–2005	469,509,000	466,377,885	466,959,397
British Columbia Buildings Corporation	1984–2005	227,768,000	210,153,737	197,078,670
British Columbia School Districts Capital Financing Authority	1984–1996	160,919,111	153,087,668	141,500,824
British Columbia Regional Hospital Districts Financing Authority	1984–2001	64,031,646	59,543,789	59,297,988
British Columbia Educational Institutions Capital Financing Authority	1989–1993	4,772,000	4,751,965	1,025,000
British Columbia Regional Hospital Districts				2,599,071
British Columbia Improvement Districts	1984–2007	38,662,219	37,265,740	36,399,183
British Columbia Development Corporation				6,000,000
British Columbia Housing and Employment Development Financing Authority	1986–1987	6,000,000	5,997,756	5,996,900
B.C. Place	1990	30,000,000	30,000,000	
Province of Ontario	1984–2010	234,017,250	199,740,603	76,967,078
Province of Quebec	1984–2005	136,521,500	125,138,804	145,614,439
Province of Saskatchewan	1987–2004	95,610,000	94,741,024	26,013,883
Province of Nova Scotia	1987–2003	19,385,000	19,285,158	30,744,962
Province of New Brunswick	1988–2003	45,925,000	45,820,186	12,219,309
Province of Newfoundland	1987–2003	13,577,000	13,418,473	16,372,964
Province of Alberta	1984–2002	17,409,635	17,495,368	186,811
Province of Manitoba	1991–1999	17,840,000	17,768,735	20,907,709
Province of Prince Edward Island	2001–2003	725,000	720,171	3,147,785
		4,247,387,336	4,107,777,203	4,028,628,475
Losses deferred to future years			18,296,582	5,510,205
Amortization of discounts and premiums			2,748,121	3,011,571
			4,128,821,906	4,037,150,251

TRUST FUNDS

SCHEDULE OF INVESTMENT PORTFOLIO PURSUANT TO SECTION 36 (8) OF THE *FINANCIAL ADMINISTRATION ACT*, 1981 AS AT MARCH 31, 1984—Continued

Long-Term Investments—*Continued*	1984			1983
	Dates of Maturity	Par Value	Adjusted Cost	Adjusted Cost
		$	$	$
Obligations of or guaranteed by a savings institution:				
Bank of Montreal Mortgage Corporation	1984–1987	18,200,000	18,876,053	
Commerce Mortgage Corporation	1987	750,000	750,000	
Bank of Montreal Leasing	1984	1,067,200	1,078,315	
Toronto Dominion Mortgage Corporation	1988	1,750,000	1,750,000	
B.C. Central Credit Union	1987	4,000,000	4,000,000	
World Bank	1989–1990	14,800,000	14,616,798	
Nova Scotia Mortgage	1985	5,750,000	6,010,117	
Canadian Commercial Bank	1985–1986	7,000,000	7,000,000	7,000,000
Canadian Imperial Bank of Commerce	1989	20,000,000	19,985,067	20,750,000
Royal Bank of Canada	1984	10,000,000	10,000,000	27,212,700
Toronto Dominion Bank				30,000,000
Bank of Nova Scotia				750,000
Bank of Montreal				5,864,960
First City Trust				10,000,000
Crown Trust				150,000
Workers' Compensation Employees Credit Union	1985–1988	400,000	400,000	400,000
First National Bank Chicago	1986	500,000	500,000	500,000
Bancorp Teachers Mortgage	2014	1,832,843	1,832,857	1,840,512
		86,050,043	86,799,207	104,468,172
Municipal Finance Authority of British Columbia		143,512,953	141,849,876	148,034,359
Commercial paper issued by a corporation incorporated under the laws of Canada or of a Province.				
Toronto Eaton Centre				2,616,930
Total		5,791,853,457		
Fully paid common shares of a corporation incorporated under the laws of Canada or of a Province:		Number of Common Shares		
Canadian Pacific Railway		1,200	19,800	19,800
Imperial Oil		300	12,713	12,713
International Nickel		450	14,344	14,344
Bank of British Columbia		119,128	1,415,792	1,415,792
British Columbia Telephone Company		1,215,844	13,575,779	13,575,779
Increase in share value			1,402,278	727,582
			16,440,706	15,766,010
Total			5,421,531,657	4,726,505,713